Notice of Proposed Submission and Request for Consent by:

ST. MARY MEDICAL CENTER

In Connection with its Contribution Agreement

with

ST. MARY MEDICAL CENTER, LLC

Prepared for the Office of the Attorney General

California Department of Justice
Charitable Trusts Division

June 7, 2021

11 Cal. Code Reg. Section 999.5(d)(1)

DESCRIPTION OF THE TRANSACTION

#1

11 Cal. Code Reg. Section 999.5(d)(1)(A)[1]

A full description of the proposed agreement and transaction

St. Mary Medical Center, a California nonprofit public benefit corporation ("SMMC"), submits this Notice to the California Attorney General under California Corporations Code Section 5920 (this "Notice") in accordance with the requirements of Section 999.5(a) at the express request of the Office of the California Attorney General.[2]

The Parties

The parties to the proposed transaction are SMMC and its majority owned and controlled affiliate, St. Mary Medical Center, LLC, a California limited liability company (the "LLC").

Applicant SMMC

SMMC is the Applicant.[3] SMMC owns and operates St. Mary Medical Center, an acute care hospital located at 18300 Highway 18, Apple Valley, California 92307 (the "Hospital"). SMMC is part of Providence St. Joseph Health ("PSJH"), a nonprofit health system that provides a comprehensive range of health care services across California, Alaska, Montana, New Mexico, Oregon, Texas and Washington. PSJH strives to increase access to health care and bring quality, compassionate care to its patients, with a focus on those most in need. The Hospital operates within PSJH's Southern California health network.

Transferee LLC

The LLC is the Transferee. The LLC is majority owned (70%) by SMMC and minority owned (30%) by Kaiser Foundation Hospitals, a California nonprofit public benefit corporation ("KFH"). The LLC was formed by SMMC for the purpose of owning and operating the Hospital after the closing of the proposed transaction.

KFH is part of Kaiser Permanente, which is recognized as one of the nation's leading health care providers and not-for-profit health plans. Founded in 1945, Kaiser Permanente has a mission to provide high-quality, affordable health care services and to improve the health of its members and the communities it serves. Kaiser Permanente currently serves 12.4 million members in eight states and the District of Columbia. Kaiser Permanente's care for patients is focused on their total health and guided by their affiliated physicians, specialists, and team of caregivers. Kaiser Permanente's expert and caring medical teams are empowered and supported by industry-leading technological advances and tools for health promotion, disease prevention, state-of-the-art care delivery, and world-class chronic disease management. Kaiser Permanente is dedicated to care innovations, clinical research, health education, and the support of community health.

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[1] Any matters discussed or addressed in one section of this notice should be considered a discussion or response in all other applicable sections of this notice.
[2] Section references are to Title 11 of the California Administrative Code, unless otherwise indicated.
[3] Capitalized terms used but not defined in this Notice have the meanings given in Section 999.5.

Key Definitive Agreements for Transaction

Contribution Agreement

The key purpose of the proposed transaction (the "Transaction") is to establish an affiliation between SMMC and KFH (through their respective investments in the LLC) to capitalize the construction of a new seismically compliant, state-of-the-art replacement facility for the Hospital in Victorville, California. The new Hospital facility will be focused on enhancing patient access, improving quality of care, and meeting the growing needs of patients in the California High Desert community. In furtherance of this goal, the Transaction involves SMMC contributing to the LLC substantially all of the assets and operations of the Hospital (the "Hospital Business") as well as the land in Victorville on which the LLC will develop the new replacement facility for the Hospital (the "New Hospital Land"). The terms of this contribution are described in the Contribution Agreement, dated May 7, 2021, between SMMC and the LLC (the "Contribution Agreement"). A copy of the Contribution Agreement is attached as Exhibit 1 to Section 999.5(d)(1)(B) of this Notice.

LLC Operating Agreement

Upon the closing of the Transaction, SMMC and KFH will enter into an LLC Operating Agreement (the "Operating Agreement") that describes SMMC's and KFH's respective rights and obligations as owners of the LLC, including each party's right to appoint representatives to serve on the LLC's board of managers. As the majority owner of the LLC, SMMC will appoint a majority of the individuals serving on the LLC's board of managers, and in turn SMMC will continue to control the governance and operations of the Hospital, which will remain part of PSJH's Southern California health network after the closing of the Transaction. As a minority investor in the LLC, KFH will appoint a minority of the individuals serving on the LLC's board of managers and commit to help capitalize the construction of the new replacement facility for the Hospital in Victorville. The Operating Agreement also describes the LLC's commitment to continue operating the Hospital in furtherance of its existing nonprofit charitable purposes. A copy of the Operating Agreement to take effect upon the closing of the Transaction is attached as Exhibit A to the Contribution Agreement.

Management Services Agreement

Upon the closing of the Transaction, SMMC and the LLC will enter into a Management Services Agreement (the "Management Services Agreement") under which SMMC or one of its affiliates will continue to provide day-to-day management and operational oversight for the Hospital, including, without limitation, maintaining the exclusive responsibility to negotiate all third party payor and government program payor contracting for the Hospital. Additionally, under the Management Services Agreement, SMMC will continue to provide the Hospital's personnel without any change to the employment status or benefits of any individual who currently provides services on behalf of the Hospital. A copy of the Management Services Agreement to take effect upon the closing of the Transaction is attached as Exhibit B to the Contribution Agreement.

Affiliation Agreement

In connection with the Transaction, SMMC, the LLC, KFH and Kaiser Foundation Health Plan, Inc., a California nonprofit public benefit corporation ("KFHP"), entered into an Affiliation Agreement dated May 7, 2021 (the "Affiliation Agreement"). The Affiliation Agreement includes additional terms necessary to sustain the long-term affiliation between SMMC and KFH over the Hospital after the closing of the Transaction. In particular, the Affiliation Agreement describes the parties' commitment to strict compliance with all federal and state antitrust laws relating to LLC's ownership and operation of the Hospital, including the requirement that all KFH representatives on the LLC's board of managers be firewalled from any discussions or strategy relating to the Hospital's payor contracting and other competitively sensitive issues. A copy of the Affiliation Agreement is attached as Exhibit 2 to Section 999.5(d)(1)(B) of this Notice.

Care Model Agreement

In connection with the Transaction, SMMC, KFH and Southern California Permanente Medical Group entered into a Care Model Agreement dated May 7, 2021 ("Care Model Agreement") that includes certain commitments by the parties thereto to implement an enhanced care model at the Hospital after the closing of the Transaction that focuses on increased access and higher quality of care for patients in the High Desert community. A copy of the Care Model Agreement is attached as Exhibit E to the Contribution Agreement.

Trademark License Agreements

Upon the closing of the Transaction, the parties will enter into Trademark License Agreements (the "Trademark License Agreements") that will permit the LLC to incorporate the name and trademarks of SMMC, KFH and their respective affiliates into the future branding and marketing of the Hospital. Copies of the Trademark License Agreements are attached as Exhibit C and Exhibit J to the Contribution Agreement.

Existing Hospital Lease

As part of the Transaction, SMMC will retain ownership of the real property (*i.e.*, land and buildings) used to operate the existing Hospital facility (the "Existing Hospital Real Property"). Upon the closing of the Transaction, SMMC and LLC will enter into a Lease (the "Interim Lease") under which the LLC will lease the Existing Hospital Real Property from SMMC in order for the LLC to own and operate the Hospital during the interim period between the closing of the Transaction and the opening of the new replacement facility in Victorville. A copy of the Interim Lease to take effect upon the closing of the Transaction is attached as Exhibit D to the Contribution Agreement.

Health Care Services Agreements

As part of the Transaction, SMMC and KFH entered into a Health Care Services Agreement dated May 7, 2021 (the "Initial Health Care Services Agreement") under which KFH will reimburse SMMC for health care services provided at the Hospital to Kaiser Permanente members. The LLC will also enter into a new Health Care Services Agreement with KFH to take

effect and supersede the Initial Health Care Services Agreement upon the opening of the replacement facility for the Hospital (the "Subsequent Health Care Services Agreement", and together with the Initial Health Care Services Agreement, the "Health Care Services Agreements"). SMMC is requesting confidential treatment of the Health Care Services Agreement and is submitting copies of the Health Care Services Agreements under separate cover to the California Attorney General in accordance with Section 999.5(c)(3).

#2

11 Cal. Code Reg. Section 999.5(d)(1)(B)

A complete copy of all proposed written agreements or contracts to be entered into by the applicant and the transferee that relate to or effectuate any part of the proposed transaction

1. Attached to this Section 999.5(d)(1)(B) as **Exhibit 1** is a copy of the Contribution Agreement between SMMC and the LLC, including all exhibits.

   SMMC is requesting confidential treatment of the schedules to the Contribution Agreement, which will be submitted under separate cover to the California Attorney General in accordance with Section 999.5(c)(3).

   SMMC is requesting confidential treatment of the (a) Health Care Services Agreement by and between Kaiser Foundation Hospitals and SMMC (attached as Exhibit F to the Contribution Agreement) and (b) Health Care Services Agreement by and between Kaiser Foundation Hospitals and the LLC (attached as Exhibit G to the Contribution Agreement), which will be submitted under separate cover to the California Attorney General in accordance with Section 999.5(c)(3).

2. Attached to this Section 999.5(d)(1)(B) as **Exhibit 2** is a copy of the Affiliation Agreement, including all exhibits, schedules and attachments. To the extent an exhibit to the Affiliation Agreement is the Contribution Agreement or an exhibit thereto, or an exhibit to another Section of this Notice, SMMC did not separately include such exhibit to **Exhibit 2** of this Section 999.5(d)(1)(B).

Exhibit 1 to Section 999.5(d)(1)(B)

Execution Copy

CONTRIBUTION AGREEMENT

BY AND BETWEEN

ST. MARY MEDICAL CENTER

AND

ST. MARY MEDICAL CENTER, LLC

MAY 7, 2021

DEFINED TERMS

For purposes of this Agreement:

"**Accounts**" has the meaning as set forth in Section 1.1(n).

"**Affiliate**" means, as to the entity in question, any person or entity that directly or indirectly controls, is controlled by, or is under common control with, the entity in question, and the term "control" means possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of an entity, whether through ownership of voting securities, by contract, or otherwise.

"**Affiliation Agreement**" means that certain Affiliation Agreement by and among SMMC, Newco, Kaiser and Kaiser Foundation Health Plan, Inc., dated of even date herewith, as such may be amended from time to time.

"**Agreement**" has the meaning as set forth in the Preamble.

"**Approval**" means any approval, authorization, consent, notice, order, filing, qualification or registration, or any extension, modification, amendment or waiver of any of the foregoing, of, to, or from any Government Entity or other authority bearing on the validity of this Agreement.

"**Assignment and Assumption Agreement**" has the meaning as set forth in Section 5.19.

"**Assumed Contracts**" has the meaning as set forth in Section 1.1(i).

"**Assumed Liabilities**" has the meaning as set forth in Section 1.3.

"**Attorney General**" has the meaning as set forth in Section 4.1.

"**Basket**" has the meaning as set forth in Section 10.3(a).

"**Bill of Sale**" has the meaning as set forth in Section 5.18.

"**Care Model Agreement**" has the meaning as set forth in Section 5.7.

"**Closing**" has the meaning as set forth in Section 7.

"**Closing Date**" has the meaning as set forth in Section 7.

"**Code**" means the Internal Revenue Code of 1986, as amended.

"**Contract**" means any written or oral contract, agreement, license, lease, mortgage, indenture, note or other instrument, and all amendments, modifications and supplements thereto.

"**Disclosure Schedule**" has the meaning as set forth in Section 2.

"**Enforceable**" means, with respect to any Contract stated to be Enforceable by or against any Person, that such Contract is a legal, valid and binding obligation enforceable by or against such Person in accordance with its terms, assuming due authorization, execution and delivery by the other parties thereto, except to the extent that enforcement of the rights and remedies created thereby is subject to (a) bankruptcy, insolvency, reorganization, moratorium or other similar laws of general application affecting the rights and remedies of creditors, or (b) general principles of equity, including principles of good faith and fair dealing (regardless of whether enforceability is considered in a proceeding in equity or at law).

"**Environmental Claim**" means any claim, action, complaint, cause of action, citation, order, investigation or notice by any Person alleging actual or potential liability (including for investigatory tests, cleanup costs, governmental response costs, natural resources damages, property damages, diminution in value, personal injuries, and other Losses) under Environmental Laws arising out of, based on or resulting from (A) the presence, or Release, of any Hazardous Substances at any location, (B) any Environmental Condition, or (C) any other circumstance forming the basis of any violation, or alleged violation, of any Environmental Law.

"**Environmental Condition**" means a condition of the soil, surface waters, groundwater, stream sediments, indoor and outdoor air and/or similar environmental media and any condition of building structures, materials or fixtures, including a condition resulting from any defect, Release or threatened Release of Hazardous Substances, either on or off a property on or prior to the Execution Date resulting from any activity, inactivity or operations occurring on such property.

"**Environmental Laws**" means all Laws, and any binding judicial or administrative interpretation thereof, including any common law and any binding judicial or administrative order, consent decree or judgment, relating to the protection of human health and safety with respect to environmental matters or Hazardous Substances, the environment, natural or archeological resources or Hazardous Substances, including the Clean Air Act, as amended; the Federal Water Pollution Control Act, as amended; the Safe Drinking Water Act, as amended; the Resource Conservation and Recovery Act, as amended; the Hazardous Material Transportation Act, as amended; the Toxic Substances Control Act, as amended; the Atomic Energy Act, as amended; the Federal Insecticide, Fungicide and Rodenticide Act, as amended; Comprehensive Environmental Response, Compensation and Liability Act, as amended by the Superfund Amendments and Reauthorization Act of 1986, as amended; the Occupational Safety and Health Act, as amended.

"**Environmental Study**" has the meaning as set forth in Section 4.4.

"**Excluded Assets**" has the meaning as set forth in Section 1.2.

"**Excluded Liabilities**" has the meaning as set forth in Section 1.4.

"**Excluded Real Property**" has the meaning as set forth in Section 1.2(b).

"**Execution Date**" has the meaning as set forth in the Preamble.

"**Existing Hospital Lease**" has the meaning as set forth in Section 5.5.

"**Existing Hospital Owned Real Property**" has the meaning as set forth in Section 1.2(a).

"**Government Entity**" means any local, state, or federal government or authority, including each of their respective branches, departments, executive, legislative or judicial agencies, commissions, boards, bodies, bureaus, courts, instrumentalities, or other subdivisions, including the California Attorney General, the California Department of Public Health, the Medicare and Medicaid programs (including their respective fiscal intermediaries), and TRICARE.

"**Hazardous Substance**" means (A) petroleum and petroleum products, radioactive materials, asbestos-containing materials, urea formaldehyde foam insulation, transformers or other equipment that contain polychlorinated biphenyls, mold and radon gas, (B) other chemicals, materials or substances defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials", "extremely hazardous wastes", "restricted hazardous wastes", "toxic substances", "toxic pollutants", "medical wastes", "biohazardous wastes", "contaminants" or "pollutants", or words of similar import, under any applicable Environmental Law, and (C) any other chemical, material or substance that is regulated by or subject to standards of liability pursuant to any Environmental Law.

"**Health Care Services Agreement – Existing Hospital**" has the meaning as set forth in Section 5.8.

"**Health Care Services Agreement – New Hospital**" has the meaning as set forth in Section 5.9.

"**HIPAA**" has the meaning as set forth in Section 11.6.

"**Hospital**" has the meaning as set forth in the Recitals.

"**Hospital Assets**" has the meaning as set forth in Section 1.1.

"**Hospital Business**" has the meaning as set forth in the Recitals.

"**Improvements**" means all buildings, structures, fixtures and improvements now or hereafter erected or located on any real property described herein, including: (i) all structures affixed to such real property; and (ii) all apparatus, equipment, fixtures, and appliances used in connection with the operation or occupancy of such real property.

"**Inbound Leased Personal Property**" has the meaning as set forth in Section 1.1(d).

"Inbound Leased Real Property" has the meaning set forth in Section 1.1(b).

"Inbound Leases" has the meaning as set forth in Section 1.1(f).

"**Inbound Personal Property Leases**" has the meaning as set forth in Section 1.1(f).

"Inbound Real Property Leases" has the meaning as set forth in Section 1.1(f).

"**Including**" and "**including**" means including without limitation.

"**Indemnified Party**" has the meaning as set forth in Section 10.4.

"**Indemnifying Party**" has the meaning as set forth in Section 10.4.

"**Interim Period**" has the meaning as set forth in Section 4.1.

"**IRS**" means the U.S. Internal Revenue Service.

"**Kaiser**" has the meaning as set forth in Section 6.2.

"**Kaiser License Agreement**" has the meaning as set forth in Section 6.5.

"**KFHP**" has the meaning as set forth in Section 6.5.

"**Law**" means any constitutional provision, statute, law, common law, rule, regulation, ordinance, code, executive order or other order, ordinance or other law, opinion, judgment, ruling, regulatory policy or guidance, injunction, consent, exemption, license, approval or permit enacted, issued, promulgated, adjudged, entered or enforced by any Government Entity.

"**Liability**" or "**Liabilities**" means with respect to any Person, any liability or obligation of such Person whether known or unknown, whether asserted or unasserted, whether determined, determinable or otherwise, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, whether directly incurred or consequential, whether due or to become due and whether or not required under GAAP to be accrued on the financial statements of such Person.

"**Licenses and Permits**" has the meaning as set forth in Section 1.1(h).

"**Lien**" means (i) any mortgage, pledge, security interest, lien, claim, charge, restriction, reservation, indentures, title retention agreement, prior assignments, hypothecation, preemptive right, condition, easement, right of first refusal, option, covenant, lease, encumbrance, encroachment, title defect, imposition, inchoate lien, or other encumbrance of any kind, whether imposed by applicable Law, by contract or otherwise, and (ii) the interest of a vendor or lessor under any conditional sale agreement, financing lease or other title retention agreement relating to such asset.

"**Losses**" has the meaning as set forth in Section 10.1.

"**Management Services Agreement**" has the meaning as set forth in Section 5.3.

"**Mandatory Title Removal Items**" means, collectively, the Voluntary Liens and the Monetary Liens.

"**Material Adverse Effect**" means, with respect to the Hospital Business, any event, change or occurrence that, individually or in the aggregate, has had or would reasonably be expected to have a material adverse effect on the financial condition, business, assets, liabilities,

properties, operations or results of operations of the Hospital Business taken as a whole, but excluding any effect to the extent resulting or arising from (a) any change that is generally applicable to the healthcare industry or such industry in the State of California, (b) any change due to actual changes in Law, (c) any change in general business, economic or market conditions, (d) the entry into, or compliance with the terms of, this Agreement or the announcement, pendency or consummation of the transactions contemplated hereby, (e) any action taken by the Parties that is required to be taken by this Agreement, (f) any omission to act or action taken with the prior written consent of Newco (including those omissions to act or actions taken which are specifically required by this Agreement), (g) any national or international political event or occurrence, including acts of war or terrorism, (h) implementation, amendment or repeal of the Patient Protection and Affordable Care Act or other healthcare Laws, (i) any changes or proposed changes in accounting standards, (j) any failure by the Hospital or Hospital Business to meet any internal or published projections or predictions with respect to the Hospital Businesses (irrespective of the source of such projections or predictions) for any period ending on or after the Execution Date (it being understood that the facts or occurrences giving rise to or contributing to such failure may be deemed to constitute, or be taken into account in determining whether there has been or will be, a Material Adverse Effect), (k) any changes or proposed changes in reimbursement rates or coverage limitations applicable to the products or services of the Hospital Business, (l) seasonal fluctuations in the operations of the Hospital Business consistent with prior fiscal years, or (m) the effects of or response to novel coronavirus or COVID-19; provided, however, any event, change, or occurrence referred to in clause (a), (b), (c), (g), (h), (i), and (k) above that has a disproportionate effect on the Hospital Business or the Hospital Assets relative to other participants in the industries in which the Hospital Business operates shall be a Material Adverse Effect. Material Adverse Effect as used in this Agreement with respect to Newco means any one or more events, developments, circumstances, occurrences, changes or effects that, individually or in the aggregate, has prevented or materially delayed, or would reasonably be expected to prevent or materially delay, the consummation by Newco of the transactions contemplated by this Agreement.

"**Material Adverse Event**" means with respect to any event, act, condition or occurrence of whatever nature (including any adverse determination in any litigation, arbitration, or governmental investigation or proceeding), whether singly or in conjunction with any other event or events, act or acts, condition or conditions, occurrence or occurrences, whether or not related, any change in circumstances which, with respect to the Hospital Assets or the Hospital Business, has resulted in, or is reasonably expected to result in: (i) a material adverse impact on SMMC's ability to consummate the transactions contemplated by the Agreement or to perform its obligations under this Agreement, the Newco Operating Agreement or the Management Services Agreement; (ii) the loss of licensure, accreditation, permits or approvals which are necessary to operate the Hospital Business consistent with historical practices; (iii) the actual or threatened exclusion from a federal or state health care program; or (iv) the loss of tax-exempt status by SMMC.

"**Monetary Liens**" means any Title Objections which would not constitute Voluntary Liens, but which can be removed by the payment of a liquidated sum of money.

"**Multi-Facility Contracts**" means multi-hospital contracts in which the Hospital and one or more of the acute care hospitals owned by SMMC Affiliates participate, including any such commercial payor contracts.

"**Newco**" has the meaning as set forth in the Preamble.

"**New Hospital**" has the meaning as set forth in the Recitals.

"**New Hospital Owned Real Property**" has the meaning as set forth in Section 1.1(a).

"**Newco Indemnified Party**" has the meaning as set forth in Section 10.1.

"**Newco Operating Agreement**" has the meaning as set forth in Section 5.2.

"**New Hospital Commencement of Operations Date**" has the meaning as set forth in the Affiliation Agreement.

"**Ordinary Course of Business**" means conducting the Hospital Business only in the ordinary course and in conformity with past usual and customary practice for the Hospital Business.

"**Outbound Leased Personal Property**" has the meaning as set forth in Section 1.1(e).

"**Outbound Leased Real Property**" has the meaning as set forth in Section 1.2(b).

"**Party**" has the meaning as set forth in the Preamble.

"**Permitted Liens**" means (i) statutory liens for current taxes and assessments not yet due and payable or which are being contested in accordance with applicable law; (ii) statutory, unrecorded mechanics', carriers', workmen's, repairmen's and similar statutory liens not yet due or payable or being contested in accordance with applicable law; (iii) rights of way, easements, agreements, covenants, reservations and other similar matters of record which are not violated, which do not have a Material Adverse Effect on the Real Property for the purposes for which it is used as of the Closing Date and which do not materially impair the marketability, or adversely affect the value thereof; (iv) matters shown on the Surveys which do not have a Material Adverse Effect on the Real Property subject thereto for the purposes for which it is used as of the Closing Date and which do not materially impair the marketability, or adversely affect the value, thereof and (v) any matters specifically deemed to be Permitted Liens in this Agreement.

"**Person**" means an association, a corporation, a limited liability company, an individual, a partnership, a limited liability partnership, a trust or any other entity or organization, including a Government Entity.

"**Plans**" means all employee benefit plans maintained or administered by or participated in by SMMC or the Hospital Business (whether tax-qualified or nonqualified, written or unwritten) under which any current or former employee, officer or director of the Hospital Business is, or may become (assuming any vesting, performance or other benefit requirements are met), entitled to compensation or benefits (whether or not contingent).

"**Providence**" has the meaning as set forth in the Recitals.

"**Real Property**" has the meaning as set forth in Section 1.1(b).

"**Release**" means any release, threatened release, spill, emission, leaking, pumping, pouring, emitting, emptying, escape, injection, deposit, disposal, discharge, dispersal, dumping, leaching or migration of Hazardous Substance in the indoor or outdoor environment, including the movement of Hazardous Substance through or in the air, soil, surface water, ground water or property.

"**SCPMG**" has the meaning as set forth in Section 5.7.

"**Section 5920**" has the meaning as set forth in Section 4.1.

"**SMMC**" has the meaning as set forth in the Preamble.

"**SMMC Audited Financial Statements**" has the meaning as set forth in Section 2.11(b).

"**SMMC Indemnified Party**" has the meaning as set forth in Section 10.2.

"**SMMC License Agreement**" has the meaning as set forth in Section 5.4.

"**SMMC Most Recent Financial Statements**" has the meaning as set forth in Section 2.11(a).

"**Surveys**" has the meaning as set forth in Section 5.15.

"**Title Commitment**" has the meaning set forth in Section 5.6.

"**Title Company**" has the meaning as set forth in Section 5.6.

"**Title Objection**" has the meaning set forth in Section 5.6.

"**Title Policy**" has the meaning set forth in Section 5.16.

"**Voluntary Liens**" means, collectively, any (i) Liens which have been voluntarily recorded or otherwise placed, or permitted to be placed, by SMMC against the Hospital Assets on or following the Execution Date; and (ii) any mortgages, security instruments, financing statements, or other instruments which evidence or secure the payment of money, including statutory mechanics liens and delinquent tax liens, in each case, which are due and payable as of the Closing Date.

"**Working Capital Amount**" has the meaning as set forth in Section 1.1(p).

CONTRIBUTION AGREEMENT

This CONTRIBUTION AGREEMENT (the "**Agreement**") is made and entered into as of May 7, 2021 (the "**Execution Date**"), by and between St. Mary Medical Center, a California nonprofit public benefit corporation ("**SMMC**"), and St. Mary Medical Center, LLC, a California limited liability company ("**Newco**"). SMMC and Newco may each be referred to herein individually as a "**Party**", and collectively as the "**Parties**".

RECITALS

WHEREAS, SMMC is a California nonprofit public benefit corporation exempt from federal income tax as an organization described in IRC §501(c)(3) that, as of the Execution Date, owns St. Mary Medical Center, a general acute care hospital located in Apple Valley, California ("**Hospital**"), and other health care businesses and assets that are primarily incident to the operation of the Hospital (the Hospital, including the Hospital Assets and the other health care businesses and assets, exclusive of the Excluded Assets, shall collectively be referred to as the "**Hospital Business**"), which includes the real property owned by SMMC on which SMMC intends to construct a replacement facility for the Hospital in the High Desert region of California ("**New Hospital**").

WHEREAS, SMMC is a member of Providence St. Joseph Health ("**Providence**"), a Catholic-sponsored integrated healthcare system exempt from federal income tax as an organization described in IRC §501(c)(3), meeting the healthcare needs of the communities it serves through compassionate service for over 150 years. Providence and its affiliates maintain hospitals, clinics, other healthcare services and related programs in Alaska, Washington, Montana, Oregon, New Mexico, Texas and California;

WHEREAS, Newco is an affiliate of SMMC in which SMMC holds a seventy percent (70%) controlling membership interest; and

WHEREAS, SMMC desires to contribute to Newco, on the Closing Date, substantially all of the assets primarily used in, held in connection with, or otherwise arising from or relating, in each case, to the operation of the Hospital Business (except for certain real property used to operate the Hospital Business), subject to and in accordance with the terms and conditions of this Agreement and the Affiliation Agreement.

AGREEMENT

NOW, THEREFORE, for and in consideration of the foregoing premises, and the agreements, covenants, representations, and warranties hereinafter set forth, and other good and valuable consideration, the receipt and adequacy of which are forever acknowledged and confessed, the Parties agree as follows:

1. SMMC CONTRIBUTION OF HOSPITAL ASSETS TO NEWCO.

1.1 SMMC Contribution of Hospital Assets. On the Closing Date, SMMC shall contribute, convey, transfer, assign and deliver (or cause to be contributed, conveyed,

transferred, assigned and delivered) to Newco, and Newco shall accept and receive, all of the assets owned or used by SMMC primarily in connection with the operation of the Hospital Business, other than the Excluded Assets, including, the following (collectively, the "**Hospital Assets**"):

(a) all of SMMC's right, title, and interest in and to all real property and Improvements thereon owned or ground leased by SMMC pertaining to the future operation of the New Hospital, which includes the real property described in Schedule 1.1(a),[1] together with all Improvements located thereupon, all construction in progress, and all easements, rights of way and other rights and privileges appurtenant thereto, including all mineral, oil and gas, and other subsurface rights, development rights, air rights, and water rights (collectively, the "**New Hospital Owned Real Property**");

(b) all of SMMC's right, title, and interest in and to all real property and Improvements thereon used primarily in connection with the operation of the existing Hospital Business with respect to which SMMC is the lessee, sublessee, licensee or other user or occupier, to the extent assignable or transferable, including the real property described in Schedule 1.1(b) (collectively, the "**Inbound Leased Real Property**," and together with the New Hospital Owned Real Property, the "**Real Property**").

(c) all of SMMC's right, title and interest in the tangible personal property that is owned by SMMC and used primarily in connection with the operation of the Hospital Business, including all equipment, furniture, fixtures, machinery, vehicles, office furnishings, and leasehold Improvements, the current list and general identification of which are set forth on Schedule 1.1(c);

(d) all of SMMC's right, title, and interest in the tangible personal property that is leased by SMMC as lessee or sublessee for a limited term and used primarily in connection with the operation of the Hospital Business, to the extent assignable or transferable, including those described in Schedule 1.1(d) (the "**Inbound Leased Personal Property**");

(e) all of SMMC's right, title, and interest in the tangible personal property that is owned by SMMC but leased or otherwise conveyed to other Persons for a limited term pursuant to leases in which SMMC is a lessor or sublessor and used primarily in connection with the operation of the Hospital Business, to the extent assignable or transferable, including those described in Schedule 1.1(e) (the "**Outbound Leased Personal Property**");

(f) all right, title, and interest of SMMC in, to and under all leases, subleases, licenses and other use and occupancy agreements, together with all amendments, guarantees, exhibits, schedules, addenda, and riders thereto, with respect to: (i) as set forth in Part 1 of Schedule 1.1(f), the Inbound Leased Real Property (the "**Inbound Real Property Leases**"), and (ii) as set forth on Part 2 of Schedule 1.1(f), the Inbound Leased Personal Property (the "**Inbound Personal Property Leases**", and together with the Inbound Real Property Leases, the "**Inbound Leases**");

[1] NTD: Schedule to include the parcel numbers for the New Hospital Owned Real Property.

(g) all right, title, and interest of SMMC in, to and under all leases, subleases, licenses and other use and occupancy agreements, together with all amendments, guarantees, exhibits, schedules, addenda, and riders thereto, with respect to the Outbound Leased Personal Property, as set forth on Schedule 1.1(g);

(h) all of SMMC's rights, to the extent assignable or transferrable, to all licenses, provider numbers, permits, approvals, certificates, franchises, accreditations and registrations, and other governmental licenses, permits, or approvals issued or pending with respect to the development, entitlements, ownership, construction and operation of the Hospital Business (collectively, the "**Licenses and Permits**"), including the Licenses and Permits described in Schedule 1.1(h);

(i) except for the Multi-Facility Contracts, all of SMMC's right, title, and interest in and to all commitments, contracts and agreements set forth on Schedule 1.1(i) pertaining to the Hospital Assets and the operation of the Hospital (the "**Assumed Contracts**");

(j) all of SMMC's right, title, and interest in, to and under all rights, claims and benefits under warranties, guarantees, insurance, utility contracts, approvals (from Governmental Entities or otherwise), permits, certificates of occupancy, surveys, plans and specifications (including all working drawings and "as-built" drawings, approvals, reports and studies), and any agreements, covenants, or indemnifications that SMMC received from a third party, including any prior owner, and relating to the Hospital Assets and the Hospital Business;

(k) all of those advance payments, prepayments, prepaid expenses, deposits, and similar amounts which were made with respect to the operation of the Hospital Business;

(l) to the extent legally transferable, all usable inventories of supplies, drugs, food, janitorial and office supplies, and other disposables and consumables located at the Hospital Business or used primarily with respect to the operation of the Hospital Business (the term "usable" in this clause meaning non-obsolete and consumable within the Ordinary Course of Business);

(m) all books and records relating primarily to the business of constructing, leasing, owning, operating, maintaining and/or managing the Hospital Assets, including files and other documents, records, operating manuals, files, and computer software purchased locally by the Hospital Business and used primarily with respect to the operation of the Hospital Business, including to the extent legally transferable, all patient records and medical records, and all financial records, equipment records, construction plans and specifications, property reports, site plans, engineering reports, surveys, floor plans, architectural drawings, environmental reports, title reports, medical and administrative libraries, operating manuals, proprietary manuals, marketing materials, policy and procedure manuals, files, catalogs, data, and studies or analyses, accounting, financial, tax, sales, maintenance and similar records;

(n) all bank accounts and electronic funds transfer accounts of the Hospital (the "**Accounts**") and all information necessary to access the Accounts;

(o) to the extent assignable or transferable by SMMC, all warranties (express or implied) and rights and claims assertible by SMMC related to the Hospital Assets;

(p) working capital of the Hospital in an amount of cash equal to twelve percent (12%) of the total net operating revenue of the Hospital Business as of the Closing Date, which amount shall be mutually agreed upon in writing by SMMC and Newco prior to the Closing Date (the "**Working Capital Amount**");

(q) donor restricted funds held by SMMC with respect to the Hospital, unless such funds are not transferable to Newco by the terms to which they are subject; provided, however, that any transferred donor restricted funds shall be used by Newco in accordance with the terms of the donation of those funds;

(r) all other property, other than the Excluded Assets, of every kind, character, or description owned by SMMC and used or held for use primarily in the Hospital Business or with respect to the Hospital Assets, whether or not reflected on the financial statements, wherever located; and

(s) any other assets with respect to the operation of the Hospital Business that exist as of the Closing Date that are not otherwise specifically described above in this Section 1.1.

On the Closing Date, SMMC shall convey good and marketable title to the Hospital Assets and all parts thereof to Newco, free and clear of all claims, assessments, security interests, liens, restrictions, and encumbrances, other than the Permitted Liens and the Assumed Liabilities. If any Hospital Assets are discovered by SMMC or any of its Affiliates or identified to SMMC in writing by Newco at any time after the Closing Date, possession or ownership of which has not been transferred to, or assumed by, Newco at such time, SMMC shall use best efforts to promptly take such steps as may be required to transfer, cause to be transferred, or cause Newco to benefit from such Hospital Assets, whether they are then controlled by SMMC or an Affiliate of SMMC, to Newco in accordance with the terms of this Agreement, at no additional charge to Newco, and Newco shall accept such Hospital Assets.

1.2 Excluded Assets. Those assets of SMMC owned or used in connection with the operation of the Hospital Business described below shall be retained by SMMC (collectively, the "**Excluded Assets**") and shall not be contributed to Newco:

(a) all of SMMC's right, title, and interest in and to all real property and Improvements thereon owned or ground leased by SMMC and used primarily in connection with the operation of the Hospital Business, except the New Hospital Owned Real Property, including the real property described in Schedule 1.2(a), together with all Improvements located thereupon, all construction in progress, and all easements, rights of way and other rights and privileges appurtenant thereto, including all mineral, oil and gas, and other subsurface rights, development rights, air rights, and water rights (collectively, the "**Existing Hospital Owned Real Property**");

(b) all of SMMC's right, title, and interest in and to all real property used primarily in connection with the operation of the Hospital Business that SMMC leases, subleases or licenses to, or otherwise permits the use and occupancy of by, another Person, to the

extent assignable or transferable, including the real property described in Schedule 1.2(b) (collectively, the "**Outbound Leased Real Property**", and together with the Existing Hospital Owned Real Property, the "**Excluded Real Property**");

(c) all right, title, and interest of SMMC in, to and under all leases, subleases, licenses and other use and occupancy agreements, together with all amendments, guarantees, exhibits, schedules, addenda, and riders thereto, with respect to the Outbound Leased Real Property, as set forth in Part 1 of Schedule 1.2(c);

(d) donor restricted funds held by SMMC with respect to the Hospital that are not transferable to Newco and SMMC board designated assets;

(e) any assets owned and provided by vendors of goods or services to the Hospital that are not Affiliates of SMMC;

(f) unclaimed property of any third party in respect of the operation of the Hospital, including property that is subject to applicable escheat laws;

(g) all rights, claims, receivables, and choses in action of SMMC in respect of the operation of the Hospital Business with respect to periods prior to the Closing Date, and any payments, awards, or other proceeds resulting therefrom;

(h) the portions of inventory, prepaid expenses and other Hospital Assets disposed of, expended, or canceled, as the case may be, by the Hospital Business prior to the Closing Date in the Ordinary Course of Business;

(i) all assets relating to the Plans, maintained by SMMC in connection with the Hospital Business;

(j) all employment agreements or arrangements with the Hospital's employees, and all employee records associated with such arrangements;

(k) Contracts in which the Hospital participates or benefits that are entered into by or on behalf of SMMC on a regional, statewide or system wide basis or with respect to more than one entity that is owned or controlled by SMMC or any of its Affiliates and that do not relate exclusively to the Hospital;

(l) all cash, cash equivalents and investments of SMMC with respect to the Hospital Business in excess of the Working Capital Amount;

(m) any assets of SMMC that are used or held on a regional, statewide, or system wide basis and not used by SMMC primarily in connection with the operation of the Hospital Business;

(n) all rights to (i) the HITECH payments for federal fiscal years ending prior to the Closing Date, and (ii) a prorated portion of the HITECH payments for the federal fiscal year during which the Closing Date occurs;

(o) all assets associated with any deferred compensation plan of SMMC;

(p) all assets of an operating division of SMMC responsible for health information technology products and services for SMMC and its Affiliates to the extent not purchased solely in connection with the Hospital Business;

(q) all of SMMC's names, trademarks, service marks, and logo design marks, it being acknowledged by the Parties that certain SMMC names and marks are being licensed by SMMC to Newco pursuant to the SMMC License Agreement; and

(r) any other assets identified in Schedule 1.2(r).

1.3 Assumed Liabilities. In connection with the contribution of the Hospital Assets to Newco, Newco shall assume, effective as of the Closing Date, the future payment and performance of the following liabilities (the "**Assumed Liabilities**") of SMMC in respect of the Hospital Business:

(a) the Assumed Contracts, but only to the extent of the obligations arising thereunder with respect to events or periods on and after the Closing Date;

(b) the Inbound Leases, but only to the extent of the obligations arising thereunder with respect to events or periods on or after the Closing Date;

(c) all unpaid real and personal property taxes, if any, that are attributable to the Hospital Assets on and after the Closing Date;

(d) all amounts payable for utilities furnished to the Hospital Assets on and after the Closing Date; and

(e) except for the Excluded Liabilities, all other obligations or liability of SMMC with respect to the operation of the Hospital Business from and after the Closing Date.

Notwithstanding anything in this Section 1.3 that may be construed to the contrary, Newco shall not be liable for: (i) any claims arising from SMMC's assignment and Newco's assumption of the Assumed Liabilities (other than for any fees associated with such assignment and assumption, which fees, if any, shall be borne by Newco); (ii) uncured defaults in the performance of the Assumed Liabilities for periods prior to the Closing Date; and/or (iii) unpaid amounts in respect of the Assumed Liabilities that relate to the period prior to the Closing Date. For the avoidance of doubt, under no circumstances shall Newco be responsible for liabilities incurred prior to the Closing Date.

1.4 Excluded Liabilities. Except for the Assumed Liabilities or as otherwise expressly set forth in this Agreement, Newco shall not assume and under no circumstances shall Newco be obligated to pay or discharge, and none of the assets of Newco shall be or become liable for or subject to any liability, indebtedness, commitment, or obligation of SMMC or the Hospital Business, whether known or unknown, fixed or contingent, recorded or unrecorded, currently

existing or hereafter arising or otherwise (collectively, the "**Excluded Liabilities**"), including the following Excluded Liabilities:

(a) any liabilities of the Hospital Business prior to the Closing Date, which are not otherwise specifically included in the Assumed Liabilities;

(b) all liabilities of the Hospital Business arising out of or relating to any act, omission, event or occurrence connected with the use, ownership or operation by SMMC of the Hospital or any of the Hospital Assets (including any construction on any portion thereon) prior to the Closing Date, other than as specifically included in the Assumed Liabilities;

(c) any liabilities or obligations associated with or arising out of any of the Excluded Assets, including the Excluded Real Property and the Plans;

(d) any deferred compensation plan liabilities;

(e) claims or potential claims for general or professional liability relating to events, or otherwise related to the Hospital Business, occurring prior to the Closing Date;

(f) any obligation or liability accruing, arising out of, or relating to any federal, state, or local investigations of, or claims or actions against, SMMC, the Hospital Business, or any of their employees, medical staff, agents, vendors, or representatives with respect to acts or omissions prior to the Closing Date;

(g) any civil or criminal obligation or liability accruing, arising out of, or relating to any acts or omissions of SMMC, its Affiliates, or their directors, officers, employees, representatives, and agents claimed to violate any constitutional provision, statute, ordinance, or other law, rule, regulation, interpretation, or order of any Government Entity;

(h) any liabilities or obligations arising as a result of any breach by SMMC or the Hospital Business at any time of any contract or commitment that is not assumed by Newco;

(i) any Environmental Claim (regardless of when asserted) or Environmental Condition (regardless of location) attributable to, or arising out of an action or event that occurred prior to the Closing Date; and

(j) any liabilities or obligations arising out of any breach of any Contract by SMMC or the Hospital Business prior to the Closing Date.

2. REPRESENTATIONS AND WARRANTIES OF SMMC. As an inducement to Newco to enter into this Agreement and to consummate the transactions contemplated by this Agreement, SMMC hereby represents and warrants to Newco that, as of the Execution Date, subject to such exceptions as are disclosed in the disclosure schedule attached hereto (the "**Disclosure Schedule**"), which the Disclosure Schedule identifies the Section (or, if applicable, subsection) to which such exception relates (provided, however, that such disclosure shall also apply to particular matters represented or warranted in other Sections and subsections of this

Section 2 to the extent that it is reasonably apparent from the text of such disclosure), and except as expressly limited below, the following representations and warranties are true, complete and correct:

2.1 Organization and Authority. SMMC is a nonprofit public benefit corporation, duly organized and validly existing in good standing under the Laws of the State of California, duly authorized, qualified to do business and in good standing under all applicable Laws of each other jurisdiction where such qualification is required. SMMC has the requisite power and authority to enter into this Agreement, to perform its obligations hereunder, and to conduct the Hospital Business as now being conducted.

2.2 Powers; Consents; Absence of Conflicts With Other Agreements. The execution, delivery, and performance of this Agreement and all other agreements referenced herein to which SMMC is a party, with respect to the operation of the Hospital Business, and the consummation of the transactions contemplated by this Agreement by SMMC:

(a) are within its powers, are not in contravention of law or of the terms of its organizational documents, and, as of the Closing Date, will have been duly authorized by all appropriate governing body action, none of which actions will have been modified or rescinded, and all of which actions will remain in full force and effect, as of the Closing Date;

(b) except as set forth on Schedule 2.2(b) of the Disclosure Schedule, will neither conflict with, nor result in any breach or contravention of, or the creation of any material lien, charge, or encumbrance, including a right of termination, cancellation, acceleration, or augmentation of any obligation or loss of a material benefit, under any (i) Assumed Contract; and, to the extent any assignment or consent is required as of the Execution Date, such assignment or consent has been obtained in writing by SMMC or (ii) any Law applicable to any of the Hospital Assets;

(c) will not violate any Law of any Government Entity to which it or the Hospital Assets may be subject; and

(d) will not violate any judgment, decree, writ, or injunction of any court or Government Entity to which it or the Hospital Business is subject.

2.3 No Outstanding Rights. Except as set forth on Schedule 2.3 of the Disclosure Schedule, there are no outstanding rights (including any rights of first refusal or offer or rights of reverter), options, or contracts made on SMMC's behalf giving any Person any current or future right to require SMMC, or, to SMMC's Knowledge, following the Closing Date, Newco, to sell or transfer to such Person, or to any third party, any interest in any portion of the Hospital Business.

2.4 Binding Agreement. This Agreement and all other agreements to which SMMC will become a party pursuant hereto are and will constitute the valid and legally binding obligations of SMMC and are and will be Enforceable against it in accordance with the respective terms hereof and thereof, except as enforceability may be restricted, limited or delayed by

applicable bankruptcy or other laws affecting creditors' rights generally and except as enforceability may be subject to general principles of equity.

2.5 Brokers. Neither SMMC nor any Affiliate, officer, trustee, director, employee or agent acting on behalf thereof, has engaged any finder or broker in connection with the transactions contemplated hereunder.

2.6 SMMC's Knowledge. When used herein, the phrases "to SMMC's Knowledge" and "known" and similar references to SMMC's Knowledge shall mean and refer to the actual knowledge of: (i) SMMC's Chief Executive Officer, (ii) SMMC's Chief Financial Officer, and (iii) SMMC's Chief Medical Officer.

2.7 Environmental. SMMC and the Hospital Business are in material compliance with all applicable Environmental Laws and all Licenses and Permits issued pursuant to Environmental Laws. SMMC and its Affiliates have not transported, stored, used, manufactured, disposed of, arranged for disposal of, released or exposed their employees or others to Hazardous Substances in material noncompliance with any Environmental Law or in a manner that would result in liability under any Environmental Law. There are and there have been, during ownership or leasing by SMMC or its Affiliates, no underground tanks, collection dumps or pits, land disposal facilities or surface impoundments at, on or under the New Hospital Owned Real Property. There are and there have been, during the ownership or leasing by SMMC or its Affiliates, no asbestos containing material, or any radon and, no PCB-containing electrical transformers or other equipment or machinery which contains or has contained PCBs, at, on, or under the New Hospital Owned Real Property in noncompliance with applicable Environmental Laws. There has been no Release or threatened Release of Hazardous Substances at, on or under the New Hospital Owned Real Property. SMMC, its Affiliates, and the Hospital Business are not subject to any pending or, to the Knowledge of SMMC, threatened Environmental Claim.

2.8 Marketable Title. SMMC is vested with good and marketable title to the New Hospital Owned Real Property, subject to the matters set forth in the final approved Title Commitment. Further, with respect to the Inbound Leased Real Property, SMMC's rights as lessee or sublessee, as the case may be, are in full force and effect and no default exists under any lease applicable to the Inbound Leased Real Property.

2.9 Tax Exempt Status. SMMC is recognized as exempt from federal income taxation under Section 501(a) of the Code as an organization described in Section 501(c)(3) of the Code and is not a "private foundation" within the meaning of Section 509(a) of the Code. SMMC has not received any notice of any action by the IRS that could reasonably be expected to result in the revocation or termination of its status as a tax-exempt organization.

2.10 Litigation. There is no action, suit, claim, proceeding, investigation, arbitration, judgment, injunction, rule, order or decree pending or, to the Knowledge of SMMC, threatened, against or affecting SMMC, the outcome of which, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect on the ability of SMMC to consummate transactions contemplated by this Agreement or the Affiliation Agreement.

2.11 Financial Statements.

(a) Neither SMMC nor any Person whose financial condition and results of operations are required by GAAP to be consolidated with those of SMMC has any Liabilities, except for (i) Liabilities reflected or reserved against in the most recent unaudited consolidated balance sheets of SMMC as of the Closing Date and related unaudited statements of income and cash flows of SMMC (collectively, the "**SMMC Most Recent Financial Statements**"), or (ii) Liabilities incurred in the Ordinary Course of Business since the date of the SMMC Most Recent Financial Statements.

(b) SMMC has provided to Newco: (i) true, correct and complete copies of the most recent audited consolidated balance sheets of SMMC as of the Closing Date, and the related audited consolidated statements of operations and cash flows of SMMC for the fiscal years then ended, accompanied by the notes thereto and the reports of SMMC's independent accountants with respect thereto (collectively, the "**SMMC Audited Financial Statements**"); and (ii) the SMMC Most Recent Financial Statements.

(c) The SMMC Audited Financial Statements and the SMMC Most Recent Financial Statements: (i) fairly present the consolidated financial position and results of operations of SMMC and the Persons whose financial condition and results of operations are required by GAAP to be consolidated with those of SMMC as of the dates thereof and changes in financial position for the periods covered thereby, (ii) were prepared in accordance with the books and records of SMMC any Person whose financial condition and results of operations are required by GAAP to be consolidated with those of SMMC and (iii) were prepared in accordance with GAAP applied on a consistent basis throughout the periods covered thereby, subject in the case of the SMMC Most Recent Financial Statements to normal year-end audit adjustments.

3. REPRESENTATIONS AND WARRANTIES OF NEWCO. As an inducement to SMMC to enter into this Agreement and to consummate the transactions contemplated by this Agreement, Newco hereby represents and warrants to SMMC, that as of the Execution Date, except as expressly limited below, Newco hereby represents and warrants to SMMC as follows:

3.1 Organization and Authority. Newco is a limited liability company, duly organized and validly existing in good standing under the Laws of the State of California. Newco has the requisite power and authority to enter into this Agreement, to perform its obligations hereunder, and to conduct its business as now being conducted. Newco is not in default under or in violation of any provision of its articles of organization or other governing documents.

3.2 Powers; Consents; Absence of Conflicts With Other Agreements. The execution, delivery, and performance by Newco of this Agreement and the other agreements and documents described herein to which Newco is a party, and the consummation of the transactions contemplated herein by Newco:

(a) are within Newco's power, are not in contravention of law or of the terms of its organizational documents, and have been duly authorized by all appropriate governing body action, none of which actions have been modified or rescinded and all of which actions remain in full force and effect;

(b) will neither conflict with, nor result in any breach or contravention of, or the creation of any lien, charge, or encumbrance, including a right of termination, cancellation, acceleration or augmentation of any obligation or loss of a material benefit, under any indenture, agreement, lease, instrument, or understanding to which Newco is a party or by which Newco is bound;

(c) to the Knowledge of Newco, will not violate any Law of any Government Entity to which Newco may be subject; and

(d) will not violate any judgment, decree, writ, or injunction of any court or Government Entity to which Newco may be subject.

3.3 Binding Agreement. This Agreement and all other agreements to which Newco will become a party pursuant hereto are and will constitute the valid and legally binding obligations of Newco and are and will be Enforceable against Newco in accordance with the respective terms hereof and thereof, except as enforceability may be restricted, limited or delayed by applicable bankruptcy or other laws affecting creditors' rights generally and except as enforceability may be subject to general principles of equity.

3.4 Brokers. Neither Newco nor any Affiliate, officer, trustee, director, employee or agent acting on behalf thereof, has engaged any finder or broker in connection with the transactions contemplated hereunder.

3.5 Newco's Knowledge. When used herein, the phrases "to Newco's Knowledge" and "known" and similar references to Newco's Knowledge shall mean and refer to the actual knowledge of any Newco officer or manager.

3.6 Litigation. There is no action, suit, claim, proceeding, investigation, arbitration, judgment, injunction, rule, order or decree pending or, to the Knowledge of Newco, threatened, against or affecting Newco or Kaiser, the outcome of which, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect on the ability of Newco or Kaiser to consummate transactions contemplated by this Agreement or the Affiliation Agreement.

4. PRE-CLOSING COVENANTS

4.1 Consents and Approvals. During the period in between the Execution Date and the Closing Date (the "**Interim Period**"), the Parties shall use their commercially reasonable efforts and cooperate with each other and provide all necessary information to obtain at the earliest practical date all consents, waivers and approvals from, and provide all notices to, all Governmental Entities and other Persons required to consummate the transactions contemplated herein, including, without limitation, consent of the California Attorney General ("**Attorney General**") in accordance with Section 5920 et seq. of the California Corporations Code ("**Section 5920**").

4.2 Negative Covenants of the Parties. During the Interim Period, neither Party shall take any action which would cause the other Party to be in breach of any covenant, representation or warranty contained in this Agreement, or which would have a material adverse

effect on the ability of any Party hereto to perform their respective covenants and agreements under this Agreement and the documents and agreements contemplated hereby.

4.3 Conduct of Hospital Operations. During the Interim Period, except as expressly contemplated by this Agreement or as Newco otherwise consents to in writing, which consent shall not be unreasonably delayed, conditioned or withheld, SMMC shall conduct the Hospital operations in the Ordinary Course of Business. Notwithstanding anything in this Section 4.3 to the contrary, it is acknowledged and agreed that during the Interim Period, SMMC will make such changes to the Hospital's operations as SMMC deems necessary or appropriate to respond to novel coronavirus and/or COVID-19 and/or any of their effects, as well as orders or advisories of the president of the United States, the governor of the State of California and/or other Governmental Entities, including any conduct or suspension of any of the Hospital services. In no event will any such changes or any continuation of any such changes constitute a breach of this Section 4.3.

4.4 Environmental Study. During the Interim Period, the Parties shall conduct a Phase 1 environmental study of the New Hospital Owned Real Property, the cost of which shall be borne equally by the members of Newco (the "**Environmental Study**").

4.5 Efforts to Close. The Parties shall use commercially reasonable efforts to satisfy all of the conditions precedent set forth in Section 5 and Section 6 to the Parties' obligations under this Agreement to the extent that a Party's action or inaction can control or influence the satisfaction of such conditions.

5. NEWCO CONDITIONS TO TRANSFER OF HOSPITAL ASSETS. Notwithstanding anything in this Agreement that may be construed to the contrary, Newco's obligation to consummate the transactions contemplated in Section 1 of this Agreement relating to the transfer of the Hospital Assets by SMMC to Newco is subject to the satisfaction, or waiver in Newco's sole discretion, of the following conditions on or prior to the Closing Date:

5.1 Unless waived by Newco, all representations made by SMMC in Section 2 of this Agreement shall be true, accurate and complete in all material respects as of the Closing Date, except where the failure of any such representations to be true and correct is not reasonably expected to constitute a Material Adverse Effect of the Hospital Business.

5.2 SMMC shall have delivered to Newco that certain Amended and Restated Operating Agreement of Newco effective as of the Closing Date in the form attached hereto as Exhibit A (the "**Newco Operating Agreement**"), fully executed by SMMC.

5.3 SMMC shall have delivered to Newco that certain Management Services Agreement, in the form attached hereto as Exhibit B, by and between SMMC and Newco, pursuant to which SMMC will provide management services on behalf of the Hospital Business as of the Closing Date (the "**Management Services Agreement**"), fully executed by SMMC.

5.4 SMMC shall have delivered to Newco that certain License Agreement, in the form attached hereto as Exhibit C, by and between Providence and Newco, pursuant to which, as of the Closing Date, Newco will license the name, logo and other intellectual property owned

by Providence, including the name "St. Mary Medical Center", in connection with the business and operations of Hospital (the "**SMMC License Agreement**"), fully executed by Providence.

5.5 SMMC shall have delivered to Newco that certain Lease, in the form attached hereto as Exhibit D, by and between SMMC and Newco, pursuant to which as of the Closing Date Newco will lease the Existing Hospital Owned Real Property from SMMC (the "**Existing Hospital Lease**"), fully executed by SMMC.

5.6 The Parties acknowledge and agree that as of the Execution Date SMMC has delivered to Newco the ALTA Commitment for Title Insurance, file number NCS-1047265-OR1 (the "**Title Commitment**"), covering the New Hospital Owned Real Property issued by First American Title (the "**Title Company**"). Newco shall have thirty (30) days after the Execution Date to provide SMMC with written objections (each a "**Title Objection**") with respect to matters listed, described or shown in the Title Commitment or on the Survey. Except for those items that SMMC or Newco is obligated to cure pursuant to the terms of this Agreement, any such matter not the subject of a timely Title Objection shall be deemed a Permitted Lien. Notwithstanding anything to the contrary contained herein, Newco shall not be required to deliver a Title Objection with respect to any Mandatory Title Removal Item, all Mandatory Title Removal Items being deemed Title Objections. SMMC shall be obligated to take any such action, as of the Closing Date, to cause each matter the subject of a Title Objection to be removed from the Title Commitment or insured over to Newco's satisfaction by the Title Company.

5.7 SMMC shall have delivered to Newco that certain Care Model Agreement between SMMC, Kaiser and Southern California Permanente Medical Group, a California Partnership ("**SCPMG**") in the form attached hereto as Exhibit E (the "**Care Model Agreement**"), to be effective as of the Closing Date, fully executed by SMMC.

5.8 SMMC shall have delivered to Newco that certain Health Care Services Agreement between SMMC, Newco and Kaiser, in the form attached hereto as Exhibit F (the "**Health Care Services Agreement – Existing Hospital**"), to be effective as of the Effective Date, fully executed by SMMC and Newco.

5.9 SMMC shall have delivered to Newco that certain Health Care Services Agreement between Newco and Kaiser, in the form attached hereto as Exhibit G (the "**Health Care Services Agreement – New Hospital**"), to be effective as of the New Hospital Commencement of Operations Date, fully executed by Newco.

5.10 SMMC shall have obtained the approval of its Board of Directors authorizing and approving SMMC's performance of the transactions contemplated by this Agreement and SMMC's execution and delivery of this Agreement, the Newco Operating Agreement, and the other documents described herein, and SMMC shall have provided Newco with a copy of the resolutions of SMMC's Board of Directors evidencing such approval.

5.11 SMMC shall have delivered to Newco certificates of existence and good standing of SMMC from the State of California, dated no earlier than fifteen (15) days prior to the Closing Date.

5.12 Newco shall have obtained the approval of its Board of Managers and its members authorizing and approving Newco's performance of the transactions contemplated hereby and Newco's execution and delivery of the Newco Operating Agreement and the other documents described herein.

5.13 Circumstances or events that individually or collectively would constitute a Material Adverse Effect or a Material Adverse Event shall not have occurred (it being understood by the Parties that SMMC shall notify Newco in writing immediately if a Material Adverse Effect or Material Adverse Event occurs prior to the Closing Date).

5.14 SMMC shall have delivered to Newco a grant deed(s) in a form consistent with the requirements hereof and applicable Law and as reasonably required by Newco and as required by the Title Company to issue the Title Policy, each fully executed by SMMC and notarized, conveying to Newco good and marketable fee title to the New Hospital Owned Real Property as of the Closing Date, subject only to Permitted Liens, and such grant deeds shall have been duly recorded with the San Bernardino County Registrar.

5.15 SMMC shall have obtained, at SMMC's sole cost and expense, with respect to the New Hospital Owned Real Property, current as-built ALTA/NSPS land title surveys reflecting the Title Commitment and: (i) meeting the 2016 Minimum Standard Detail Requirements for ALTA/NSPS Land Title Surveys, (ii) certified to Newco and the Title Company, (iii) including such "Table A" optional items as Newco may reasonably require to the extent applicable to the subject property, including 1, 3, 4, 6(a), 8, 11, 13, 15, 16, 18, 19 and 20, and (iv) otherwise be in form and detail satisfactory to Newco and the Title Company (the "**Surveys**").

5.16 SMMC shall have caused the Title Company to issue, or be irrevocably committed to issue, subject only to payment of applicable premiums, an ALTA Form 2006 Owner's Title Policy (the "**Title Policy**") in an amount to be mutually agreed upon by SMMC and Newco insuring that fee simple title to the New Hospital Owned Real Property is vested in Newco as of the Closing Date, subject only to Permitted Liens. The Title Policy shall have all standard and general exceptions deleted so as to afford full "extended form coverage", shall otherwise be in a form satisfactory to Newco and shall, at the cost of Newco, contain such endorsements as Newco may reasonably require, including the following endorsements: an ALTA Form 3.1-06 zoning endorsement (zoning with parking), an ALTA Form 9.2-06 endorsement (covenants, conditions, and restrictions), an ALTA Form 9.9-06 endorsement (private rights), an ALTA Form 17-06 endorsement (access and entry), an ALTA Form 18-06 endorsement (single tax parcel), an ALTA Form 19.1-06 endorsement (contiguity-single parcel), an ALTA form 22-06 endorsement (location), an ALTA Form 25-06 endorsement (same as survey), an ALTA Form 26-06 endorsement (subdivision), an ALTA Form 8.2-06 endorsement (commercial environmental protection lien), an ALTA Form 39-06 endorsement (policy authentication), and an ALTA Form 17.2-06 endorsement (utility access), and a non-imputation endorsement with respect to the knowledge of SMMC. SMMC shall have delivered to the Title Company such affidavits and indemnities as may be required by the Title Company to issue the Title Policy in such form.

5.17 SMMC shall have delivered to Newco assignments of lease in form and substance reasonably acceptable to Newco (the "**Lease Assignments**") conveying to SMMC's interest in the Inbound Real Property Leases as of the Closing Date, in each case, fully executed

by SMMC, together with all consents and/or waivers and IRS Form W-9s required from the applicable counterparty.

5.18 SMMC shall have delivered to Newco a General Assignment, Conveyance, and Bill of Sale, substantially in the form attached hereto as Exhibit H (the "**Bill of Sale**"), fully executed by SMMC, conveying good and marketable title to all tangible assets that are a part of the Hospital Assets (other than the New Hospital Owned Real Property) to Newco as of the Closing Date, free and clear of all liabilities, claims, liens, security interests, and restrictions other than Permitted Liens and the Assumed Liabilities.

5.19 SMMC shall have delivered to Newco one or more Assignment and Assumption Agreements, substantially in the form attached hereto as Exhibit I (the "**Assignment and Assumption Agreement**"), fully executed by SMMC, conveying to Newco as of the Closing Date, SMMC's interest in the Assumed Contracts.

5.20 SMMC shall have caused the payment, redemption, satisfaction, cancellation, or defeasance or taking of other remedial actions, as applicable, of every indebtedness or guaranty of indebtedness of SMMC related to its ownership or operation of the Hospital Business that is not among the Assumed Liabilities or Permitted Liens, and SMMC shall have (A) caused the removal and discharge of any all liens, charges, security interests or other encumbrances (if any) relating thereto, (B) provided Newco with copies of UCC-3 Termination Statements, as applicable, evidencing the removal of all such liens, charges, security interests or other encumbrances, and (C) caused releases for all such liens, charges, security interests or other encumbrances, as applicable, to have been recorded with the San Bernardino County Registrar or other applicable recording office.

5.21 SMMC shall have paid to the Company, by wire transfer of immediately available funds to an account specified by the Company in writing, an amount equal to the Working Capital Amount.

5.22 SMMC shall have caused all Licenses and Permits (including the general acute care hospital license issued by the California Department of Public Health) required by Law to operate the Hospital Business to have been transferred to, or issued or reissued in the name of, Newco, as of the Closing Date, provided that such Licenses and Permits are required by Law to be transferred to Newco as of the Closing Date.

5.23 SMMC shall have delivered to Newco, in form and substance satisfactory to Newco, assignments or other instruments of transfer and consents and waivers by others, necessary or appropriate to transfer to and effectively vest in Newco all right, title, and interest in and to the Hospital Assets as of the Closing Date, in proper statutory form for recording if such recording is necessary or appropriate.

5.24 SMMC shall have delivered to Newco copies of all material third party consents required as of the Closing Date in connection with the transfer of the Hospital Assets by SMMC to Newco on the Closing Date and/or in connection with Newco's assumption of the Assumed Liabilities as of the Closing Date, including any required consents of a Government Entity.

5.25 The consent of the Attorney General with respect to the transaction contemplated hereunder shall have been obtained in accordance with Section 5920 and each condition imposed by the Attorney General with respect to the transaction has been approved by Newco, in its sole discretion.

5.26 Newco shall be satisfied in its reasonable discretion with the Environmental Study.

6. SMMC CONDITIONS TO TRANSFER OF HOSPITAL ASSETS. Notwithstanding anything in this Agreement that may be construed to the contrary, SMMC's obligation to consummate the transactions contemplated in Section 1 of this Agreement relating to the transfer of the Hospital Assets by SMMC to Newco is subject to the satisfaction, or waiver in SMMC's sole discretion, of the following conditions on or prior to the Closing Date:

6.1 Unless waived by SMMC, all representations made by Newco in Section 3 of this Agreement shall be true, accurate and complete in all material respects as of the Closing Date.

6.2 Newco shall have delivered to SMMC the Newco Operating Agreement, fully executed by Kaiser Foundation Hospitals, a California nonprofit public benefit corporation ("**Kaiser**").

6.3 Newco shall have delivered to SMMC the Management Services Agreement, fully executed by Newco.

6.4 Newco shall have delivered to SMMC the SMMC License Agreement, fully executed by Newco.

6.5 Newco shall have delivered to SMMC that certain License Agreement, attached hereto as Exhibit J, by and between Newco and Kaiser Foundation Health Plan, Inc. ("**KFHP**", dated as of the Closing Date, pursuant to which Newco licenses the name, logo and other intellectual property owned by KFHP in connection with the business and operations of Hospital (the "**Kaiser License Agreement**"), fully executed by Newco and Kaiser.

6.6 Newco shall have delivered to SMMC the Existing Hospital Lease, fully executed by Newco.

6.7 New shall have delivered to SMMC the Care Model Agreement, fully executed by Kaiser and SCPMG.

6.8 Newco shall have delivered to SMMC: (i) the Health Care Services Agreement – Existing Hospital, and (ii) the Health Care Services Agreement – New Hospital, each fully executed by Kaiser.

6.9 Newco shall have obtained the approval of its Board of Managers and its members authorizing and approving Newco's performance of the transactions contemplated hereby and Newco's execution and delivery of the Newco Operating Agreement and the other

documents described herein, and Newco shall have delivered to SMMC copies of the resolutions of Newco's Board of Managers and members evidencing such approval.

6.10 Newco shall have delivered to SMMC certificates of existence and good standing of Newco and Kaiser from the State of California, each dated no earlier than fifteen (15) days prior to the Closing Date.

6.11 Kaiser shall have paid to SMMC, by wire transfer of immediately available funds to an account specific by SMMC to Kaiser in writing, an amount equal to Eighteen Million Dollars ($18,000,000), which the Parties acknowledge and agree shall be treated as a capital contribution by Kaiser to Newco.

6.12 Newco shall have delivered to SMMC the Lease Assignments and the Bill of Sale, fully executed by Newco.

6.13 Newco shall have delivered to SMMC the Assignment and Assumption Agreement, fully executed by Newco.

6.14 SMMC shall have caused all Licenses and Permits (including the general acute care hospital license issued by the California Department of Public Health) required by Law to operate the Hospital Business to have been transferred to, or issued or reissued in the name of, Newco, as of the Closing Date, provided that such Licenses and Permits are required by Law to be transferred to Newco as of the Closing Date.

6.15 SMMC shall have obtained all material third party consents required as of the Closing Date in connection with the transfer of the Hospital Assets by SMMC to Newco on the Closing Date and/or in connection with Newco's assumption of the Assumed Liabilities as of the Closing Date, including any required consents of a Government Entity.

6.16 The consent of the Attorney General with respect to the transaction contemplated hereunder shall have been obtained in accordance with Section 5920 and each condition imposed by the Attorney General with respect to the transaction has been approved by SMMC, in its sole discretion.

6.17 SMMC shall be satisfied in its reasonable discretion with the Environmental Study.

7. CLOSING. Completion of the transactions contemplated in Section 1 of this Agreement relating to the transfer of the Hospital Assets by SMMC to Newco (the "**Closing**") shall take place remotely via exchange of documents and signature pages on the date (the "**Closing Date**") that is as promptly as practical (but not more than five (5) Business Days) after satisfaction or waiver of the conditions in Section 5 and Section 6, subject to termination pursuant to Section 9.1(e) below. The Closing shall be treated as occurring at 12:01 AM on the Closing Date. All proceedings to take place at the Closing shall be deemed to have been executed and taken simultaneously.

8. AGREEMENTS REGARDING MEDICAL STAFF.

8.1 Medical Staff Matters. The Parties acknowledge and agree that as of the Closing Date there shall be no change or modification to the current staff privileges for physicians on the medical staff of the Hospital or the individuals currently serving as medical staff officers or clinical service chiefs; provided, however, that the consummation of the transactions contemplated hereby will not limit the ability of the governing body or medical executive committee of the Hospital to grant, withhold, or suspend medical staff appointments or clinical privileges, or appoint medical staff officers or clinical service chiefs, in accordance with the terms and provisions of the Hospital's medical staff bylaws.

8.2 Medical Staff Bylaws. As of the Closing Date, Newco shall adopt the current medical staff bylaws, rules and regulations, medical staff committee structure, credentialing plan, and fair hearing plan of the Hospital as the medical staff bylaws, rules and regulations, medical staff committee structure, credentialing plan, and fair hearing plan of the Hospital following the Closing Date, except to the extent that any modifications thereof are required to comply with Joint Commission or other accreditation standards or legal or regulatory requirements, and except to the extent that modifications thereto may be implemented by Newco, upon the recommendation of Newco's Board of Managers and in consultation with the Hospital's medical staff, following the Closing Date.

9. TERMINATION.

9.1 Termination. Notwithstanding anything herein to the contrary, this Agreement and the transactions contemplated by this Agreement may not be terminated, except prior to the Closing Date in the following manner:

(a) by mutual written agreement of SMMC and Newco;

(b) by SMMC if a material breach of this Agreement has been committed by Newco and such breach has not been: (i) waived in writing by SMMC, or (ii) cured by Newco to the reasonable satisfaction of SMMC within thirty (30) business days after service by SMMC upon Newco of a written notice which describes the nature of such breach; provided, however, SMMC shall have the right to terminate this Agreement immediately upon written notice to Newco if any of the conditions set forth in Section 6 has not been satisfied, or waived by SMMC, on or prior to the Closing Date;

(c) by Newco (pursuant to the terms of the Newco Operating Agreement) if a material breach of this Agreement has been committed by SMMC and such breach has not been: (i) waived in writing by Newco, or (ii) cured by SMMC to the reasonable satisfaction of Newco within thirty (30) business days after service by Newco upon SMMC of a written notice which describes the nature of such breach; provided, however, Newco shall have the right to terminate this Agreement immediately upon written notice to SMMC if any of the conditions set forth in Section 5 have not been satisfied, or waived by Newco, on or prior to the Closing Date;

(d) by SMMC or Newco, upon written notice to the other Party, in the event that: (i) Newco is liquidated or dissolved, (ii) the Newco Operating Agreement is terminated, or (iii) either Kaiser or SMMC ceases to be a member of Newco; or

(e) by SMMC or Newco, at either Party's election, upon written notice to the other Party, if the Closing Date has not occurred on or prior to the twelve (12) month anniversary of the Execution Date.

9.2 Effect of Termination.

In the event that this Agreement is terminated pursuant to Section 9.1, all further obligations of the Parties under this Agreement shall terminate without further liability of any Party to another, except to the extent otherwise agreed to by the Parties and except that this Section 9.2 and Section 9 shall survive the termination of this Agreement and nothing herein shall release or relieve any Party from liability for any material breach of this Agreement prior to such termination.

10. INDEMNIFICATION.

10.1 Indemnification by SMMC.

Subject to the limitations set forth in Section 10.3 hereof, SMMC shall defend and indemnify and hold Newco, Kaiser, and each of their respective Affiliates, officers, directors, employees, agents, independent contractors and other representatives (each a "**Newco Indemnified Party**"), wholly harmless from and against any and all losses, liabilities, damages, costs (including court costs and costs of appeal), and expenses (including reasonable attorneys' fees) (collectively, "**Losses**") that a Newco Indemnified Party incurs as a result of, or with respect to:

(a) any breach of any representation and warranty by SMMC under this Agreement; provided, however, any claim for indemnification under this Section 10.1(a) must be brought within thirty (30) days following the expiration of the survival period set forth in Section 11.13;

(b) any breach by SMMC of, or any failure by SMMC to perform, any covenant or agreement of, or required to be performed by, SMMC under this Agreement that is not (i) cured by SMMC within thirty (30) days following SMMC's receipt of written notice of such breach from Newco, or sixty (60) days if cure is not reasonably feasible within such thirty (30) day period and efforts to cure have been initiated and continued without interruption; or (ii) waived by Newco;

(c) any of the Excluded Liabilities; or

(d) any claim made by a third party with respect to the operation of the Hospital Business prior to the Closing Date.

10.2 Indemnification by Newco.

Subject to the limitations set forth in Section 10.3 hereof, Newco shall defend and indemnify and hold SMMC and its Affiliates, officers, directors, employees, agents, independent contractors and other representatives (each a "**SMMC Indemnified Party**"), wholly harmless from and against any and all Losses that a SMMC Indemnified Party incurs as a result of, or with respect to:

(a) any breach of any representation and warranty by Newco under this Agreement; provided, however, any claim for indemnification under this Section 10.2(a) must be brought within thirty (30) days following the expiration of the survival period set forth in Section 11.13;

(b) any breach by Newco of, or any failure by Newco to perform, any covenant or agreement of, or required to be performed by, Newco under this Agreement that is not (i) cured by Newco within thirty (30) days following Newco's receipt of written notice of such breach from SMMC if cure is reasonably feasible within that period, or sixty (60) days if cure is not reasonably feasible within such thirty (30) day period and efforts to cure have been initiated and continued without interruption; or (ii) waived by SMMC;

(c) any of the Assumed Liabilities; or

(d) any claim made by a third party with respect to the operation of the Hospital Business on or following the Closing Date.

10.3 Limitations.

(a) No Party to this Agreement shall have any right to indemnification under this Section 10 until the aggregate amount of Losses incurred by such Party is at least Two Hundred Fifty Thousand Dollars ($250,000) (the "**Basket**"), at which point the indemnifying Party shall be obligated to indemnify for only those Losses in excess of the Basket; provided, however, that the limitations set forth in this Section 10.3(a) shall not apply to Losses incurred as a result of the intentional misrepresentation, fraud, or willful misconduct of a Party, or related to any Excluded Liabilities or Assumed Liabilities.

(b) The aggregate liability of any Party for indemnification claims made pursuant to this Section 10 shall not exceed an aggregate amount equal to Twenty Million Dollars ($20,000,000); provided, however, that the limitation set forth in this Section 10.3(b) shall not apply to Losses incurred as a result of the intentional misrepresentation, fraud, or willful misconduct of a Party. Additionally, notwithstanding the foregoing, the Parties agree that the aggregate liability of any Party for indemnification claims related to Excluded Liabilities, Assumed Liabilities or a breach of any of the representations or warranties set forth in Section 2.7 shall not exceed Sixty-Five Million Dollars ($65,000,000).

10.4 Notice and Control of Litigation. If any claim or liability is asserted in writing by a third party against a Party entitled to indemnification under this Section 10 (the "**Indemnified Party**") that would give rise to a claim under this Section 10, the Indemnified Party shall notify the person giving the indemnity (the "**Indemnifying Party**") in writing of the same within thirty (30) days of receipt of such written assertion of a claim or liability; provided, however, the failure to give such prompt written notice shall not relieve the Indemnifying Party of its indemnification obligations, except to the extent that such failure is demonstrated by the Indemnifying Party to have actually caused the claim for which it is obligated to pay hereunder to be greater than such claim would have been had the Indemnified Party given the prompt notice required hereby. The Indemnifying Party shall have the right to defend a claim and control the defense, settlement, and prosecution of any litigation. If the Indemnifying Party, within ten (10)

days after notice of such claim, fails to defend such claim, the Indemnified Party shall (upon further notice to the Indemnifying Party) have the right to undertake the defense, compromise, or settlement of such claim on behalf of and for the account and at the risk of the Indemnifying Party, subject to the right of the Indemnifying Party to assume the defense of such claim at any time prior to settlement, compromise, or final determination thereof. Anything in this Section 10.4 notwithstanding: (a) if there is a reasonable likelihood that a claim, if successful, will materially and adversely affect the Indemnified Party other than as a result of money damages or other money payments, the Indemnified Party shall have the right, at its own cost and expense, to defend, compromise, and settle such claim following consultation with the Indemnifying Party; and (b) the Indemnifying Party shall not, without the written consent of the Indemnified Party, settle or compromise any claim or consent to the entry of any judgment that does not include as an unconditional term thereof the giving by the claimant to the Indemnified Party of a release from all liability in respect of such claim. The foregoing rights and agreements shall be limited to the extent of any requirement of any third-party insurer or indemnitor. All Parties agree to cooperate fully as necessary in the defense of such matters involving third party claims. Failure of the Indemnified Party to notify the Indemnifying Party in the time frame required above shall bar the Indemnified Party's claim for indemnification.

10.5 No Double Recovery. Each Party shall act in a commercially reasonable manner in addressing any liabilities that may provide the basis for an indemnifiable claim (that is, each Party shall respond to such liability in the same manner that it would respond to such liability in the absence of the indemnification provided for in this Agreement). Any request for indemnification of specific costs shall include invoices or other supporting documents containing reasonably detailed information about the costs or damages for which indemnification is being sought. The amount of any indemnification hereunder shall be reduced or reimbursed, as the case may be, by any amount received by the Indemnified Party under any insurance coverage (or insurance coverage maintained by a Party other than the Indemnified Party) or from any other Party alleged to be responsible therefor. The Indemnified Party shall use reasonable efforts to collect any amounts available under such insurance coverage and from such other Party alleged to have responsibility. If the Indemnified Party receives an amount under any such insurance coverage or from such other Party subsequent to an indemnification provided by the Indemnifying Party pursuant to this Section 10, the Indemnified Party shall promptly reimburse the Indemnifying Party for any payment made or expense incurred by the Indemnifying Party in connection with providing such indemnification up to such amount received by the Indemnified Party, less the fees and expenses incurred by the Indemnified Party to recover any such amounts from any third party.

10.6 Expiration of Indemnification. Notwithstanding anything in this Agreement that may be construed to the contrary:

(a) a Party's right to indemnification under Sections 10.1(a), 10.1(b), 10.2(a) and 10.2(b) shall immediately cease and expire upon the second (2^{nd}) anniversary of the Closing Date; provided, however, a Party shall have the right to continue seeking indemnification pursuant to such Sections for any indemnification claim that an Indemnifying Party has been notified of and is pending or in good faith dispute prior to the expiration date described in this Section 10.6(a). Notwithstanding the foregoing, the Company's right to indemnification for a breach of any of the representations and warranties set forth in Section 2.7 shall immediately cease and expire upon the sixth (6^{th}) anniversary of the Closing Date; and

(b) a Party's right to indemnification under Sections 10.1(c), 10.1(d), 10.2(c) and 11.0(d) shall immediately cease and expire upon the sixth (6^{th}) anniversary of the Closing Date; provided, however, a Party shall have the right to continue seeking indemnification pursuant to such Sections for any indemnification claim that an Indemnifying Party has been notified of and is pending or in good faith dispute prior to the expiration date described in this Section 10.6(b).

10.7 Exclusive Remedy. Notwithstanding anything in this Agreement that may be construed to the contrary, the Parties acknowledge and agree that the indemnifications rights afforded to each Party in this Section 10 shall be the exclusive remedies available to such Party (or anyone claiming by, through or on behalf of such Party) in connection with this Agreement, except that either Party shall be entitled to seek appropriate equitable relief to enforce its rights under this Agreement as described in Section 11.16.

11. MISCELLANEOUS.

11.1 Schedules and Other Instruments. Each Schedule and Exhibit to this Agreement shall be considered a part hereof as if set forth herein in full.

11.2 Dispute Resolution. The dispute resolution procedures specified in Article IX and Exhibit 9.1 of the Affiliation Agreement are hereby incorporated by reference as though fully set forth herein and shall govern all disputes, claims or controversies between the Parties that arise under this Agreement.

11.3 AS-IS. SMMC AND NEWCO EACH SPECIFICALLY ACKNOWLEDGES AND AGREES THAT SMMC IS TRANSFERRING AND NEWCO IS ACCEPTING TITLE TO THE HOSPITAL ASSETS ON AN "AS IS, WHERE IS, WITH ALL FAULTS AND DEFECTS" BASIS AND THAT, EXCEPT AS SPECIFICALLY SET FORTH HEREIN, NEWCO IS NOT RELYING ON ANY REPRESENTATIONS OR WARRANTIES OF ANY KIND WHATSOEVER, EXPRESS OR IMPLIED, FROM SMMC, ITS AGENTS OR REPRESENTATIVES AS TO ANY MATTERS CONCERNING THE HOSPITAL ASSETS.

11.4 Benefit/Assignment. Subject to provisions herein to the contrary, this Agreement shall inure to the benefit of and be binding upon the Parties and their respective legal representatives, successors, and permitted assigns. No Party may assign this Agreement without the prior written consent of the other Parties. Any attempted assignment in contravention of this Section shall be void.

11.5 Brokerage Fees. Each Party agrees to be solely liable for and obligated to satisfy and discharge all loss, cost, damage, or expense arising out of claims for fees or commissions of brokers employed or alleged to have been employed by such Party.

11.6 Confidentiality. It is understood by the Parties that the information, documents, and instruments delivered by a Party to the other Parties are of a confidential and proprietary nature. The Parties shall comply with and recognize all confidentiality and non-disclosure requirements that apply to the Hospital Business, specifically including the privacy requirements of the Administrative Simplification subtitle of the Health Insurance Portability and Accountability Act of 1996, as amended by the HITECH Act (collectively referred to herein as

"**HIPAA**") and comparable state requirements and to comply with all policies and safeguards relating to protected health information (as defined by federal regulations implementing HIPAA). Newco shall comply with the policies adopted by SMMC in respect of the Hospital Business and the Hospital's medical staff for access, use, and disclosure of protected health information. Each of the Parties agrees that it will maintain the confidentiality of all such confidential information, documents, or instruments delivered to it by each of the other Parties or their agents in connection with the negotiation of this Agreement or in compliance with the terms, conditions, and covenants hereof and will only disclose such information, documents, and instruments to its duly authorized officers, members, directors, representatives, and agents (including consultants, attorneys, and accountants of each Party) and applicable Government Entities in connection with any required notification or application for approval or exemption therefrom. Each of the Parties further agrees that if the transactions contemplated hereby are not consummated, it will return or destroy all such documents and instruments and all copies thereof in its possession to the other Parties to this Agreement except that each Party may retain a copy of such documents and instruments for legal archival purposes or to resolve any dispute arising under this Agreement. Additionally, each Party shall be permitted to retain such documents and instruments on its health information technology system until purged in the Ordinary Course of Business. All retained information shall remain subject to the confidentiality obligations set forth herein. Each of the Parties recognizes that any breach of this Section 11.6 would result in irreparable harm to the other Parties to this Agreement and their Affiliates and that therefore any Party to this Agreement shall be entitled to an injunction to prohibit any such breach or anticipated breach, without the necessity of posting a bond, cash, or otherwise, in addition to all of its other legal and equitable remedies. Nothing in this Section 11.6, however, shall prohibit the use of such confidential information, documents, or information for such governmental filings as in the opinion of a Party's counsel are required by law or governmental regulations or are otherwise required to be disclosed pursuant to applicable state law.

11.7 Public Announcements. The Parties collectively agree that no Party hereto shall release, publish, or otherwise make available to the public in any manner whatsoever any information or announcement regarding the transactions herein contemplated without the prior written consent of the other Parties and Kaiser, except for information and filings reasonably necessary to be directed to governmental agencies to fully and lawfully effect the transactions herein contemplated or required by applicable law. SMMC shall provide copies of all documents and correspondence exchanged between it or Newco and any governmental agencies related to this Agreement, and shall provide Kaiser an opportunity to review and comment on any filings to be made by it or Newco with governmental agencies before they are filed.

11.8 Waiver of Breach. The waiver by any 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 any other provision hereof.

11.9 Notice. Any notice, demand, or communication required, permitted, or desired to be given hereunder shall be deemed effectively given when personally delivered, when received by receipted overnight delivery, or five (5) days after being deposited in the United States mail, with postage prepaid thereon, certified or registered mail, return receipt requested, addressed as follows:

SMMC:	Providence Health System – Southern California 3345 Michelson Drive, Suite 100 Irvine, California 92612 Attn: Executive Vice President and Chief Executive
With a copy to:	Providence Health System – Southern California 1801 Lind Avenue, S.W. Renton, Washington 98057 Attn: Chief Legal Officer and McDermott Will & Emery 2049 Century Park East 32nd Floor Los Angeles, CA 90067 Attn: James F. Owens, Esq.
Newco:	St. Mary Medical Center, LLC 18300 Highway 18 Apple Valley, California 92307 Attn: Board of Managers
With a copy to:	Kaiser Foundation Hospitals & Health Plan 393 East Walnut Street Pasadena, CA 91188 Attn: Southern California Regional President and Kaiser Foundation Hospitals & Health Plan 393 East Walnut Street Pasadena, CA 91188 Attn: Vice President and Assistant General Counsel

or to such other address, and to the attention of such other person or officer as any Party may designate, with copies thereof to the respective counsel thereof as notified by such Party.

11.10 Severability. In the event any provision of this Agreement is held to be invalid, illegal, or unenforceable for any reason and in any respect, such invalidity, illegality, or unenforceability shall in no event affect, prejudice, or disturb the validity of the remainder of this Agreement, which shall be and remain in full force and effect, Enforceable in accordance with its terms.

11.11 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.

11.12 Divisions and Headings. The divisions of this Agreement into sections and subsections and the use of captions and headings in connection therewith are solely for convenience and shall have no legal effect in construing the provisions of this Agreement.

11.13 Survival. Subject to Section 10.6, the representations and warranties, covenants, and agreements made by the Parties in this Agreement or pursuant hereto in any certificate, instrument, or document shall survive the consummation of the transactions.

11.14 No Inferences. Inasmuch as this Agreement is the result of negotiations between sophisticated parties of equal bargaining power represented by counsel, no inference in favor of, or against, either Party shall be drawn from the fact that any portion of this Agreement has been drafted by or on behalf of such Party.

11.15 Third Party Beneficiary. The Parties acknowledge and agree that Kaiser shall be an express third party beneficiary of this Agreement with respect to indemnification by SMMC. Kaiser shall also have the exclusive right to enforce all rights of Newco set forth in this Agreement.

11.16 Enforcement of Agreement. The Parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement was not performed in accordance with its specific terms or was otherwise breached. It is accordingly agreed that the Parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any court of competent jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity.

11.17 Entire Agreement/Amendment. This Agreement and the Affiliation Agreement, together with the Schedules, Exhibits, and other agreements referenced therein, supersedes all previous contracts or understandings between or among the Parties, including any offers, letters of intent, proposals, or letters of understanding, and constitutes the entire agreement existing between or among the Parties respecting the subject matter hereof, and no Party shall be entitled to benefits other than those specified herein. As between or among the Parties, no oral statements or prior written material not specifically incorporated herein shall be of any force and effect. The Parties specifically acknowledge that in entering into and executing this Agreement, the Parties rely solely upon the representations and agreements contained in this Agreement and no others. All prior representations or agreements, whether written or verbal, not expressly incorporated herein are superseded, and no amendments, changes in or additions to this Agreement shall be recognized unless and until made in writing and signed by all Parties. This Agreement may be executed in two (2) or more counterparts, each and all of which shall be deemed an original and all of which together shall constitute but one and the same instrument. This Agreement may not be amended other than by written instrument signed by the Parties and Kaiser.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties have caused this Contribution Agreement to be executed as of the Execution Date.

ST. MARY MEDICAL CENTER, a California nonprofit public benefit corporation

By: Covenant Health Network, its Member

By:_____
Name: Erik G. Wexler
Title: President

ST. MARY MEDICAL CENTER, LLC, a California limited liability company

By: _____
Name: Erik G. Wexler
Title: Manager

SCHEDULES TO CONTRIBUTION AGREEMENT

[See attached]

Submitted under separate cover as a confidential document in accordance with Section 999.5(c)(3).

EXHIBIT A

NEWCO OPERATING AGREEMENT

[See attached]

OPERATING AGREEMENT

of

ST. MARY MEDICAL CENTER, LLC

Dated as of [_____ ___, 2021]

THE UNITS EVIDENCED BY THIS OPERATING AGREEMENT HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR SIMILAR APPLICABLE STATE SECURITIES LAWS IN RELIANCE UPON EXEMPTIONS THEREUNDER. THE SALE OR OTHER DISPOSITION OF THE UNITS IS RESTRICTED AS SET FORTH IN THIS OPERATING AGREEMENT AND IS PROHIBITED UNLESS ST. MARY MEDICAL CENTER, LLC, IF IT SO REQUESTS, RECEIVES AN OPINION OF COUNSEL SATISFACTORY TO ST. MARY MEDICAL CENTER, LLC THAT SUCH SALE OR OTHER DISPOSITION WILL BE MADE IN COMPLIANCE WITH THE SECURITIES ACT OF 1933, AS AMENDED, AND ANY APPLICABLE STATE SECURITIES LAWS. BY THE EXECUTION OF THIS AGREEMENT AND THE OWNERSHIP OF THE UNITS EVIDENCED HEREBY, EACH MEMBER REPRESENTS, AMONG OTHER THINGS, THAT SUCH MEMBER'S OWNERSHIP OF SUCH MEMBER'S UNITS IS FOR INVESTMENT AND NOT WITH A VIEW TO DISTRIBUTION AND THAT SUCH MEMBER WILL NOT SELL OR OTHERWISE DISPOSE OF SUCH MEMBER'S UNITS WITHOUT REGISTRATION OR OTHER COMPLIANCE WITH SUCH LAWS AND THE RULES AND REGULATIONS PROMULGATED THEREUNDER.

OPERATING AGREEMENT

This Operating Agreement of St. Mary Medical Center, LLC, a California limited liability company (the "Company"), is entered into as of [_____ ___, 2021] (the "Effective Date") by and between St. Mary Medical Center, a California nonprofit public benefit corporation ("SMMC"), and Kaiser Foundation Hospitals, a California nonprofit public benefit corporation ("Kaiser"), as the initial Members (as such term is defined below) of the Company. SMMC and Kaiser shall sometimes be referred to herein individually as a "Party" and collectively as the "Parties".

RECITALS

WHEREAS, SMMC is a California nonprofit public benefit corporation exempt from federal income tax as an organization described in IRC §501(c)(3) that previously owned and operated St. Mary Medical Center, a general acute care hospital located in Apple Valley, California ("SMMC Hospital"), and other health care businesses and assets that are primarily incident to the operation of the SMMC Hospital (the SMMC Hospital and the other health care businesses and assets, including the New SMMC Hospital, shall collectively be referred to as the "SMMC Business");

WHEREAS, SMMC is a member of Providence St. Joseph Health ("Providence"), a Catholic-sponsored integrated healthcare system exempt from federal income tax as an organization described in IRC §501(c)(3), meeting the healthcare needs of the communities it serves through compassionate service for over 150 years. Providence and its affiliates maintain hospitals, clinics, other healthcare services and related programs in Alaska, Washington, Montana, Oregon, New Mexico, Texas and California;

WHEREAS, Kaiser Foundation Health Plan, Inc. is a California nonprofit public benefit corporation exempt from federal income tax as an organization described in IRC §501(c)(3) that operates health care benefit plans and provides or arranges for the provision of medically necessary health care services to its members, including by agreement with its affiliates, Kaiser and Southern Permanente Medical Group;

WHEREAS, the Parties share vital and common charitable missions to promote and improve health care delivery and the health care status of the communities they serve, to provide high quality and affordable health care and related services, and to address the special needs of the poor and the vulnerable in those communities;

WHEREAS, on January 13, 2021, the Company was formed as a limited liability company pursuant to the Act (as such term is defined below) for the purposes of owning and operating the SMMC Business, which includes capitalizing the construction of a replacement facility for the SMMC Hospital in the High Desert region of California ("New SMMC Hospital"), as more fully described below;

WHEREAS, SMMC and Kaiser are the only members of the Company;

WHEREAS, pursuant to that certain Affiliation Agreement between SMMC and the Company dated May 7, 2021 (as such agreement may be amended from time to time, the

"Affiliation Agreement"), SMMC and the Company executed the Contribution Agreement under which SMMC contributed to the Company the tangible and intangible assets pertaining to the SMMC Business in order for the Company to carry out its purpose of owning and operating the SMMC Business;

WHEREAS, in accordance with the terms of this Agreement, SMMC and Kaiser will participate in the ownership and operation of the Company;

WHEREAS, SMMC and Kaiser have determined it is in their respective best interests to operate the Company in a way that strengthens SMMC Business's clinical capabilities, provides the necessary capital to construct the New SMMC Hospital, and best position the SMMC Business for the future; and

WHEREAS, SMMC and Kaiser intend that the activities of the Company will further their respective charitable tax-exempt purposes.

NOW, THEREFORE**,** in consideration of the mutual covenants and promises contained herein and for other good and valuable consideration the receipt and adequacy of which are hereby acknowledged, the Members hereby agree as follows:

ARTICLE I
DEFINITIONS

Section 1.01 Defined Terms. As used herein, the following terms shall have the following meanings:

"Act" means the California Revised Uniform Limited Liability Company Act, as it may be amended from time to time, and any successor to such act.

"Additional Capital Contributions" shall have the meaning set forth in Section 4.02(c).

"Adverse Consequences" means all actions, suits, proceedings, hearings, investigations, charges, complaints, claims, demands, Court Orders, dues, penalties, fines, costs, amounts paid in settlement, liabilities, obligations, taxes, Encumbrances, losses, damages, deficiencies, costs of investigation, court costs and other expenses (including interest, penalties and reasonable attorneys' fees and expenses), whether in connection with third-party claims or claims among the Members related to the enforcement of the provisions of this Agreement.

"Affiliate" means, with respect to any Member or other Person, a Person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, such Member or other Person. As used in this definition, the term "control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, through ownership of voting securities, the ownership of membership interests or election or appointment of board members.

"Affiliation Agreement" shall have the meaning set forth in the Preamble.

"AG Letter" shall have the meaning set forth in Section 9.06.

"Agreement" means this Operating Agreement (including all exhibits hereto), as amended, supplemented or restated from time to time pursuant to the terms hereof.

"Applicable Rate" means the greater of (a) three percent (3%) or (b) ninety percent (90%) of the rate published in the "Money Rates" section of the Wall Street Journal as being the "Prime Rate" (or, if more than one rate is published as the Prime Rate, then the highest of such rates). In the event that the Wall Street Journal shall, for any reason, fail or cease to publish the Prime Rate, the Members shall choose a reasonably comparable index or source to use as the basis for the Prime Rate.

"Articles of Organization" means the articles of organization of the Company, as amended from time to time, filed with the Secretary of State of the State of California under the Act.

"Assignment and Assumption Agreement" shall have the same meaning as such term is defined in the Contribution Agreement.

"Bill of Sale" shall have the same meaning as such term is defined in the Contribution Agreement.

"Board Approval" means, except as otherwise expressly set forth herein, the affirmative vote of a majority of the Managers present and represented by proxy at any meeting of the Board of Managers at which there is a quorum; provided, however, if any Manager is prevented from voting on a matter pursuant to Section 3.01(c)(v), Board Approval shall mean the approval of a majority of the Managers entitled to vote on such matter.

"Board of Managers" or "Board" means the Persons selected to serve as Managers of the Company in accordance with Section 3.01(c)(i).

"Branding Program" shall have the meaning set forth in Section 9.05.

"Branding and Marketing Guidelines" shall have the meaning set forth in Section 9.03.

"Business Day" means any day, other than a Saturday, Sunday or other legal holiday, on which banks in California are open for business.

"Canon Law" shall have the meaning set forth in Section 2.05(b).

"Capital Account" shall have the meaning set forth in Section 4.05.

"Capital Budget" means the budget with respect to the capital expenditures of the Company, including the expenditures set forth in the Construction Plan of Finance and the Development Budget, as adopted or amended from time to time.

"Capital Call" shall have the meaning set forth in Section 4.02(e).

"Capital Call Notice" shall have the meaning set forth in Section 4.02(e).

"Capital Contribution" means, with respect to any Member, the amount of money and the initial value of any other asset contributed by such Member to the Company with respect to the Units held or purchased by such Member, including the Initial Capital Contributions and Additional Capital Contributions made by such Member.

"Capital Contributions for Cash Purposes" shall have the meaning set forth in Section 4.02(b)(ii)(B).

"Cash On Hand" means the sum of cash, any readily marketable securities and other investments of the Company which are unrestricted, including any funds otherwise available to pay operating expenses, and not held by a mater trustee under a master trust indenture or any bond trustee under a bond indenture, or by a bank or other lender as collateral as of the date of determination.

"Catholic Identity Standards" shall have the meaning set forth in Section 2.05(b).

"Chairman" shall have the meaning set forth in Section 3.01(c)(vi).

"Chief Executive" shall have the meaning set forth in Section 3.01(e)(i).

"Committees" shall have the meaning set forth in Section 3.01(d)(i).

"Company" shall have the meaning set forth in the Preamble.

"Company Membership Interest" means with respect to any Member, the ownership interest of the Member in the Company, consisting of such Member's (a) Economic Membership Interest, if any, (b) rights to participate in the management of the Company as provided herein or under the Act, and (c) other rights and privileges as provided herein or under the Act.

"Conditions" shall have the meaning set forth in Section 9.06.

"Confidential Information" means any and all trade secrets concerning the business and affairs of the disclosing Person, including, without limitation, ideas, know-how, processes and techniques, market data, customer and supplier lists, pricing and cost information, business and marketing plans and proposals, policies and strategies and operations methods and information concerning the business and affairs of the disclosing Person (which includes historical financial statements, financial projections and budgets, historical and projected sales, capital spending budgets and plans, cost information, the names and backgrounds of the senior management personnel of the Company, and personnel training techniques and materials), that have been or may hereafter be provided or shown by the disclosing Person to the receiving Person; provided, however, Confidential Information shall not include information that (a) was in the possession of or known by the receiving Person or its representatives at the time of disclosure without an obligation to maintain confidentiality of such information prior to receipt thereof; (b) was or becomes generally available to the public other than as a result of a disclosure by the receiving Person or its representatives; or (c) was or becomes available to the receiving Person on a non-confidential basis from a source other than the disclosing Person or its representatives (unless such source is known to the receiving Person to be bound by a confidentiality agreement with, or any other legal or fiduciary obligation to, the disclosing Person).

"Conflict of Interest" shall have the meaning set forth in the Conflict of Interest Policy.

"Conflict of Interest Policy" shall have the meaning set forth in Section 9.01(a). In the event of a conflict between the Conflict of Interest Policy and this Agreement, this Agreement shall control.

"Construction Capital Contributions" shall have the meaning set forth in Section 4.02(b)(i).

"Construction Committee" shall have the meaning set forth in Section 3.01(d)(v).

"Construction Contribution Limit" shall have the meaning set forth in Section 4.02(b)(i).

"Construction Plan of Finance" shall have the meaning set forth in Section 4.02(b)(i).

"Construction Shortfall Contributions" shall have the meaning set forth in Section 4.02(b)(i).

"Contribution Agreement" shall have the meaning set forth in the Affiliation Agreement.

"Court Order" means any judgment, order, award, writ, subpoena, decree or verdict entered, issued, made or rendered by any federal, state, local or other court or judicial or quasi-judicial tribunal or any other Governmental Authority.

"Default Notice" shall have the meaning set forth in Section 4.03(a).

"Definitive Documents" shall have the meaning set forth in the Affiliation Agreement.

"Developer" shall have the meaning set forth in Section 3.01(d)(v)(E).

"Development Budget" shall have the meaning set forth in Section 3.01(e)(v)(G).

"Disqualifying Event" means, with respect to a Member, the occurrence of any one or more of the following: (a) the Member is adjudicated as bankrupt or makes an assignment for the benefit of its creditors; (b) the Member files a petition or answer seeking for itself any reorganization, arrangement, composition, readjustment, liquidation, or similar relief under any statute, law, or regulation or files an answer or other pleading admitting or failing to contest the material allegations of a petition filed against such Member in a proceeding of such nature; (c) the Member seeks, consents to, or acquiesces in the appointment of a trustee, receiver, or liquidator of the Member or all or any substantial part of the Member's property; (d) the Member is unable to obtain dismissal, within one hundred eighty (180) days after its commencement, any proceeding against the Member seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law, or regulation; (e) the Member is unable to stay or vacate, within one hundred twenty (120) days after its commencement, the appointment without the Member's consent or acquiescence of a trustee, receiver or liquidator of the Member or of all or any substantial part of the Member's property and if the appointment is stayed as hereinabove provided, the appointment is not vacated within one hundred twenty (120) days after the expiration of any such stay; (f) the Member Transfers, or attempts to Transfer, all or any portion of the Member's Company Membership Interest in the Company in violation of this Agreement; (g) the

Member is excluded from participation in any Government Health Care Program pursuant to a final determination by the Secretary of Health and Human Services pursuant to 42 U.S.C. § 1320a-7, as amended from time to time; or (h) the Member ceases to be recognized as an organization exempt from federal income tax under IRC §501(c)(3).

"Dissolution Event" shall have the meaning set forth in Section 8.01.

"Distributions" means, with respect to each Member, the aggregate cash and/or Excess Cash Distributions distributed by the Company to such Member pursuant to Section 5.03.

"Earnings" shall have the meaning set forth in Section 5.03(a)(i).

"Economic Membership Interest" means, with respect to any Member, the Member's right, title and interest in and to the net profits, net losses, cash flow and capital of the Company, including the right to receive cash distributions and/or Excess Cash Distributions in accordance with this Agreement, and shall mean "transferrable interest" as defined in the Act.

"Effective Date" shall have the meaning set forth in the Preamble.

"Encumbrance" means any mortgage, pledge, assessment, security interest, lease, sublease, lien, adverse claim, levy, right of way, easement, encroachment, covenant, charge or other encumbrance of any kind, or any conditional sale contract, title retention contract or other agreement or arrangement to give or to refrain from giving any of the foregoing.

"Estimated Total New SMMC Hospital Construction Costs" shall have the meaning set forth in Section 4.02(b)(i).

"Ethical and Religious Directives for Catholic Health Care Services" means the most recent edition (currently the Sixth edition) of a document of the same title that is issued and amended from time to time by the United States Conference of Catholic Bishops (or any successor organization).

"Excess Cash" means all cash of the Company at the end of any Fiscal Quarter in excess of Forty-Five Days Cash.

"Excess Cash Distribution" shall have the meaning set forth in Section 5.03(b)(ii).

"Existing Hospital Lease" shall have the meaning set forth in the Affiliation Agreement.

"Fiduciary" shall mean each Member; each Manager; each officer of the Company; and any other Person to whom any authority or responsibility with respect to the Company is delegated by the Board of Managers.

"Fiscal Quarter" means any of the quarterly accounting periods of the Company, ending December 31, March 31, June 30 and September 30, of each year.

"Fiscal Year" means (a) the period from the formation of the Company through December 31st of the year in which the Company was formed, and (b) each subsequent twelve (12) month period commencing on January 1st and ending on December 31st.

"Forty-Five Days Cash" shall mean the Company having forty-five (45) days Cash On Hand, calculated as a dollar amount equal to forty-five (45) times the fraction in which (i) the numerator is the total operating expenses of the Company covering the most recent twelve (12) month period (excluding depreciation and amortization), and (ii) the denominator is three hundred and sixty-five (365).

"Funding Loan" shall have the meaning set forth in Section 4.03(a).

"Funding Member" shall have the meaning set forth in Section 4.03(a).

"Funding Shortfall" shall have the meaning set forth in Section 4.03(a).

"Fundraising Credit" shall have the meaning set forth in Section 5.07(b).

"GAAP" means generally accepted accounting principles in the United States as set forth in pronouncements of the Financial Accounting Standards Board (and its predecessors) and the American Institute of Certified Public Accountants.

"Government Health Care Program(s)" means and includes the Medicare and Medicaid programs and any other federal health care program as defined in 42 U.S.C. § 1320a-7b(f), as amended from time to time.

"Governmental Authority" means any foreign or domestic federal, state (including the State of California) or local government; any political subdivision thereof; any other governmental, quasi-governmental, judicial, public or statutory instrumentality, authority, body, agency, department, bureau, commission or entity; any entity that contracts with a governmental entity to administer or assist in the administration of a government program or any arbitrator with authority to bind a party at Law.

"Hospitals" means both the SMMC Hospital and the New SMMC Hospital.

"Indemnitees" shall have the meaning set forth in Section 3.03(a).

"Initial Capital Contributions" shall have the meaning set forth in Section 4.01.

"IRC" means the Internal Revenue Code of 1986, as amended from time to time, or any corresponding federal tax statute enacted after the Effective Date. Any reference in this Agreement to a specific section of the IRC shall include any IRC Regulations promulgated under that section of the IRC.

"IRC Regulations" means the income tax regulations and temporary regulations promulgated by the Internal Revenue Service, Department of Treasury, pursuant to the IRC.

"Joinder Agreement" means a joinder agreement to this Agreement in substantially the form attached hereto as Exhibit C.

"Kaiser" shall have the meaning set forth in the Preamble.

"Kaiser License Agreement" shall have the meaning set forth in Section 9.03.

"Kaiser Manager" shall have the meaning set forth in Section 3.01(c)(i).

"KFHP" shall have the meaning set forth in Section 9.03.

"Law" means any foreign or domestic federal, state or local law, statute, code, ordinance, regulation, rule, consent agreement, constitution or treaty of any Governmental Authority, including the Act and common law.

"License Value" shall have the meaning set forth in Section 4.02(b)(i)(C).

"Limit on Cash Contributions" shall have the meaning set forth in Section 4.02(b)(ii)(B).

"Liquidator" shall have the meaning set forth in Section 8.02(a).

"Lobbying Activities" are those activities that would constitute propaganda, or otherwise attempting, to influence legislation within the meaning of IRC §501(c)(3).

"Loss of Tax Exemption Event" shall have the meaning set forth in Section 2.08.

"Management Services Agreement" means that certain Management Services Agreement by and between the Company and SMMC dated of even date herewith, as such may be amended from time to time in accordance with its terms, pursuant to which SMMC provides management services on behalf of the SMMC Business.

"Manager(s)" shall have the meaning set forth in Section 3.01(c)(i).

"Mandatory Capital Contributions" shall have the meaning set forth in Section 4.02(b)(ii)(B).

"Medical Staff" shall have the meaning set forth in Section 10.01(a).

"Medical Staff Bylaws" shall have the meaning set forth in Section 10.01(c).

"Members" or "Member" means SMMC and Kaiser, together or individually, and their respective successors and Permitted Transferees.

"Monthly Construction Invoice" shall have the meaning set forth in Section 4.02(b)(i)(B).

"New SMMC Hospital" shall have the meaning set forth in the Recitals.

"Non-Funding Member" shall have the meaning set forth in Section 4.03(a).

"Non-Mandatory Capital Contributions" shall have the meaning set forth in Section 4.02(c).

"Operating Budget" means the operating budget for the Company as adopted or amended from time to time.

"Ordinary Course of Business" means conducting the SMMC Business only in the ordinary course and in conformity with past usual and customary practice for the SMMC Business.

"OSHPD FDD" shall have the meaning set forth in Section 3.01(e)(v)(F).

"Party" and "Parties" shall have the meaning set forth in the Preamble.

"Partnership Representative" shall have the meaning set forth in Section 5.01(b).

"Percentage Interest" means with respect to any Member the percentage equal to the number of Units held by such Member divided by the aggregate number of Units held by all Members.

"Permitted Transfer" means a Transfer of a Member's Company Membership Interest to an Affiliate of such Member in connection with an internal reorganization of the transferring Member.

"Permitted Transferee" means any Person to which a Member is entitled to make a Permitted Transfer under this Agreement who signs a Joinder Agreement.

"Person" means any individual, for-profit or nonprofit corporation, association, partnership (general, limited or limited liability), joint venture, trust, estate, limited liability company or other legal entity or organization.

"Plans and Specifications" shall have the meaning set forth in Section 3.01(e)(v)(F).

"Providence" shall have the meaning set forth in the Recitals.

"Quality Committee" shall have the meaning set forth in Section 3.01(d)(iv).

"Related-Party Transaction" means any lease, contract, or agreement, or any other transaction or arrangement involving payments or remuneration between the Company and any Member or an Affiliate of a Member.

"Replenishment Contributions" shall have the meaning set forth in Section 4.02(b)(iii).

"Scope Change" shall have the meaning set forth in Section 3.01(e)(v)(J).

"Securities Act" means the Securities Act of 1933, as amended.

"SMMC" shall have the meaning set forth in the Preamble.

"SMMC Business" shall have the meaning set forth in the Recitals.

"SMMC Hospital" shall have the meaning set forth in the Recitals.

"SMMC Hospital Commencement of Operations Date" means the date on which: (i) construction of the New SMMC Hospital facility has been deemed substantially complete, as evidenced by the Company's receipt of a certificate of occupancy by the Apple Valley Department of Building and Safety, and (ii) substantially all of the SMMC Hospital's patients have been transferred to the new SMMC Hospital facility. The Board of Managers shall designate the exact SMMC Hospital Commencement of Operations Date by Supermajority Board Approval.

"SMMC Hospital Fundraising Initiatives" shall have the meaning set forth in Section 5.07(a).

"SMMC License Agreement" shall have the meaning set forth in Section 9.03.

"SMMC Manager" shall have the meaning set forth in Section 3.01(c)(i).

"Supermajority Board Approval" means the approval of a majority of the Managers present and represented by proxy (if any), provided that such approval includes the approval of at least two (2) Kaiser Managers.

"Tax" or "Taxes" means any federal, state, local or foreign income, gross receipts, license, payroll, employment, business and occupation, excise, severance, stamp, occupation, premium, windfall profits, environmental, customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, unclaimed/abandoned property, registration, value added, alternative or add-on minimum, estimated or other tax of any kind whatsoever, including any interest, penalty or addition thereto, whether disputed or not.

"Tax Exemption Impediment" means any legislation, statute, law, regulation, rule or procedure passed, adopted or implemented by any Governmental Authority after the Effective Date, or any decision, finding, interpretation or action by any Governmental Authority after the Effective Date which, in the written reasoned opinion of nationally recognized IRC §501(c)(3) tax counsel engaged by SMMC or Kaiser for such purpose, as a result or consequence, in whole or in part, of the arrangement between the Members set forth in this Agreement, or a Member's ownership interest in the Company, if or when implemented, could reasonably be expected: (a) to result in or present a material risk of revocation of the federal tax-exempt status of SMMC, Kaiser or any Affiliate of SMMC or Kaiser, or, if any, their respective tax-exempt financial obligations; or (b) to prohibit or restrict the ability of SMMC, Kaiser or any Affiliate of SMMC or Kaiser to issue tax-exempt bonds, certificates of participation or other tax-exempt financial obligations.

"Tax Exemption Impediment Negotiation Period" shall have the meaning set forth in Section 2.08.

"Transfer" means, in respect of any Company Membership Interest, property or other asset, any direct or indirect sale, assignment, pledge, hypothecation, Encumbrance, transfer, distribution or other disposition thereof or of a participation therein, or other conveyance of legal or beneficial interest therein, or any short position in a Company Membership Interest or any other action or position otherwise reducing risk related to ownership through hedging or other derivative

instruments, whether voluntarily or by operation of law or any agreement or commitment to do any of the foregoing. "Transferred" and "Transferring" shall have the correlative meanings.

"Transfer Instrument" shall have the meaning set forth in Section 6.03.

"Transferee" means a Person that is Transferred a Company Membership Interest by a Member in accordance with this Agreement.

"Transferor" means the Member that Transfers a Company Membership Interest to a Person in accordance with this Agreement.

"Unit(s)" means the increment of Company Membership Interest in the Company.

"Unwind Closing" shall have the meaning set forth in Section 7.01.

"Unwind Event" shall have the meaning set forth in the Affiliation Agreement.

"Vice-Chairman" shall have the meaning set forth in Section 3.01(c)(vii).

"Working Capital" means, at any given point in time, the following for the Company: (A) the following current assets: (i) accounts receivable, (ii) inventory, and (iii) other current non-cash assets, minus (B) the following current liabilities: (i) accounts payable, (ii) accrued compensation and benefits, (iii) accrued liabilities, and (iv) payables to third parties. For clarity, the Parties intend that Working Capital specifically does not include cash or cash investments or long term debt.

Section 1.02 Usage Generally; Interpretation. Whenever the context may require, any pronoun includes the corresponding masculine, feminine and neuter forms. All references herein to Articles, Sections, subsections or paragraphs shall be deemed to be references to Articles, Sections, subsections or paragraphs of this Agreement unless the context otherwise requires.

ARTICLE II
FORMATION OF THE COMPANY

Section 2.01 Formation of the Company. On January 13, 2021, the Articles of Organization of the Company were filed in accordance with the Act with the Secretary of State of the State of California. The rights and liabilities of the Members shall be as provided in the Act except as herein otherwise provided. In the event of any inconsistency between any terms and conditions contained in this Agreement and any non-mandatory provisions of the Act, the terms and conditions contained in this Agreement shall govern. The Company shall execute such further documents and take such further actions as shall be appropriate to comply with the requirements of the Act for the operation of a limited liability company.

Section 2.02 Name. The name of the Company shall be "St. Mary Medical Center, LLC" or such other name as from time to time may be determined by the Board of Managers and the Members.

Section 2.03 Principal Place of Business. The Company's principal place of business will be located at 18300 Highway 18, Apple Valley, California 92307. The principle place of business may be changed from time to time by the Board of Managers.

Section 2.04 Term. The Company shall continue in existence for a term beginning on the Effective Date and continuing on a perpetual basis unless and until terminated and liquidated in accordance with the provisions hereof.

Section 2.05 Purposes.

(a) General. The general purpose of the Company shall be to develop, operate and manage the SMMC Business (including the construction of the New SMMC Hospital) as well as engage in any and all activities related or incident to the foregoing. The Company may not engage in any other business or acquire property unrelated to its purpose unless approved by the Board of Managers and the Members.

(b) Catholic Identity. The Company is a Catholic-sponsored entity and its activities shall be carried out in a manner consistent with the moral and social teachings of the Roman Catholic Church and the guidance of the United States Conference of Catholic Bishops. These sources provide the foundation for how the apostolic and charitable works of Providence Ministries are to be carried out. In particular, the activities of the Company shall be consistent with the Ethical and Religious Directives for Catholic Health Care Services as interpreted and applied by the Bishop of San Bernardino. Among the Members, SMMC shall exclusively determine and oversee compliance with the Catholic Identity Standards in accordance with Section 3.02(b). Under canon law of the Roman Catholic Church ("Canon Law"), Providence Ministries, a public juridic person that is the religious sponsor of the Company under Canon Law, shall retain its canonical stewardship with respect to those facilities, real or personal property, and other assets that constitute the temporal goods belonging, by operation of Canon Law, to Providence Ministries. No alienation, within the meaning of Canon Law, of property considered to be stable patrimony of Providence Ministries shall occur without prior approval of Providence and Providence Ministries. Notwithstanding anything herein to the contrary, SMMC represents and warrants to the Company and the other Member that no Canonical approvals are required with respect to the Definitive Documents, or if any Canonical approvals are required with respect to the Definitive Documents, they have been obtained prior to the Effective Date. All of the Catholic identity provisions and standards referred to in this Section 2.05(b) are collectively defined as the "Catholic Identity Standards" and are further explained in Section 3.02(b).

(c) Charitable Purposes of the Company. The Company shall be operated and managed exclusively for charitable, scientific, hospital, or religious purposes and in a manner that exclusively furthers SMMC's and Kaiser's tax-exempt charitable purposes under IRC §501(c)(3) and as specified in California Revenue and Taxation Code §214 in accordance with the following:

(i) Charitable Purposes. The Company shall be operated and managed in a manner that is exclusively in furtherance of SMMC's and Kaiser's tax-exempt charitable purposes under IRC §501(c)(3) and as specified in California Revenue and Taxation Code §214, including, without limitation, providing assistance to the community for any charitable purposes, such as promoting health and providing or expanding access to quality healthcare services in a

manner that promotes health for the benefit of the community or provides relief to the poor and distressed, both within the meaning of IRC §501(c)(3) and as specified in California Revenue and Taxation Code §214. In furtherance of the foregoing, the Company shall not take any action or fail to take any action that would, as determined by SMMC and Kaiser (each with respect to itself and its Affiliates): (i) materially adversely affect the tax-exempt status of SMMC, Kaiser or any of their Affiliates under IRC §501(c)(3) or status as a qualifying organization under California Revenue and Taxation Code §214, the Treasury Regulations adopted in respect to IRC §501(c)(3) or SMMC's, Kaiser's or any of their Affiliates' classification as a public charity under the applicable provisions of IRC §509, (ii) involve or reasonably be expected to lead to an alleged participation by either Member or the Company in an excess benefit transaction under IRC §4958, or (iii) cause SMMC, Kaiser or any of their tax-exempt Affiliates to incur or recognize "unrelated business taxable income" within the meaning of IRC §512 in an amount that could reasonably be determined to jeopardize the tax-exempt status of SMMC, Kaiser or any of their tax-exempt Affiliates. The Company shall make all filings and applications and take any other actions necessary to qualify as a qualifying entity within the meaning of 18 Cal. Code Regs. § 136(a), to qualify for the property tax exemption under California Taxation and Revenue Code § 214, and to qualify for federal income tax exemption as an organization described in IRC § 501(c)(3). This Agreement should be construed to be consistent with the organizational requirements of 18 Cal. Code Regs. § 136(c) and IRC § 501(c)(3).

(ii) Charity Care and Community Benefit. The business of the Company shall at all times be operated and managed in compliance with the charitable and exempt purposes of SMMC and Kaiser in a manner that will (i) further the fulfilment of the tax-exempt purposes of SMMC and Kaiser by enhancing the quality, availability, convenience and access of healthcare services provided within the community; (ii) provide services in accordance with charity care, financial assistance, pricing, and billing and collection policies and procedures consistent with the charitable and tax-exempt purposes of SMMC and Kaiser; (iii) cause the SMMC Business to comply with the requirements of IRC §501(r) and the IRC Regulations thereunder; and (iv) assure the SMMC Business is conducted in such a manner as to satisfy the community benefits standard generally required of hospitals under IRC §501(c)(3).

(iii) Political and Lobbying Activities. In no event may the Company make any direct or indirect financial contribution to, or otherwise directly or indirectly endorse or oppose, any candidate for public office, carry on any Lobbying Activities except to the extent, if any, that each Member may by itself do so consistently with maintaining its status as an organization described in IRC §501(c)(3), or engage in any other activities not permitted to be carried on by SMMC or Kaiser as organizations exempt from Federal tax under IRC §501(a) by virtue of being described in IRC §501(c)(3).

Section 2.06 Qualification and Registration. The Members and the Board of Managers shall execute and cause to be filed original or amended certificates and shall take any and all other actions as may be reasonably necessary to perfect and maintain the status of the Company as a limited liability company or similar type of entity under the Laws of the State of California and to qualify to do business in any other jurisdiction in which the Company does business.

Section 2.07 Agent for Service of Process. The known place of business and the name of the agent for service of process of the Company in California shall be as stated in the Articles of Organization of the Company. The Company's agent for service of process as of the Effective Date shall be Business Filings Incorporated located at 555 Capitol Mall, Suite 1000, Sacramento, California 95814. The agent for service of process can be changed by the Board of Managers. If the Company wishes to change its registered office or its registered agent, then the Board of Managers may affect such change by filing, or causing to be filed, the documentation required by the Act therefor.

Section 2.08 Tax Exemption Considerations. If a Tax Exemption Impediment is identified by written notice given by the affected Member to the other Member, the other Member shall have sixty (60) calendar days to present to the affected Member a contrary written reasoned opinion of nationally recognized IRC §501(c)(3) tax counsel, and if such written opinion is timely presented to the affected Member, the Members' dispute regarding whether a Tax Exemption Impediment exists shall be resolved through the dispute resolution process set forth in Article XI. If the other Member elects not to present a contrary written opinion, or if a contrary written opinion is presented and the Members ultimately agree that a Tax Exemption Impediment does exist, the Members shall meet and confer in good faith as soon as reasonably practicable after the identification of or agreement with respect to a Tax Exemption Impediment in order to discuss the reasonable alternatives and solutions to resolve such Tax Exemption Impediment in a manner that will: (a) allow SMMC, Kaiser and their Affiliates to retain their respective federal, state or local tax-exempt status; and (b) allow SMMC, Kaiser and their tax-exempt Affiliates to issue and maintain tax-exempt bonds, certificates of participation or other tax-exempt financial obligations. The Members shall negotiate in good faith with respect to alternatives and solutions to resolve such Tax Exemption Impediment, including any modifications or amendments to this Agreement or any related agreement that may be necessary or appropriate to resolve such Tax Exemption Impediment, and the Members shall agree to any reasonable modifications or amendments to this Agreement or related agreements proposed by any Member and such modifications or amendments shall be deemed reasonable if they: (i) are narrowly construed to remedy or eliminate only the Tax Exemption Impediment at issue and do not impair or restrict a Member's rights any more than reasonably necessary to remedy or eliminate such Tax Exemption Impediment; (ii) do not involve any change to a Member's Percentage Interest, Units, or rights or obligations with respect to the capital, profits, losses, distributions or allocations of the Company; and (iii) do not involve any material change to a Member's rights with respect to the governance of the Company. In the event that the Members are unable to resolve a Tax Exemption Impediment (solely with respect to tax-exempt status) in accordance with this Section 2.08 within ninety (90) days after the later of (i) the date on which a Tax Exemption Impediment is identified by written notice or (ii) the date on which the Members' dispute regarding the existence of a Tax Exemption Impediment is finally resolved pursuant to Article XI (the "Tax Exemption Impediment Negotiation Period") and in a Member's good faith opinion, based upon the written, reasoned opinion of such Member's IRC §501(c)(3) tax counsel, such Tax Exemption Impediment presents a material risk of the loss of federal tax-exempt status of such Member or any Affiliate of such Member (a "Loss of Tax Exemption Event"), then, following the end of the Tax Exemption Impediment Negotiation Period,

such Loss of Tax Exemption Event shall entitle the Member to exercise an Unwind Event, as applicable, pursuant to Article VII and the Affiliation Agreement.

Section 2.09 Title to Property. All property owned by the Company shall be owned by the Company as an entity and no Member shall have any ownership interest in such property in its individual name. All tangible property of the Company is irrevocably dedicated for charitable, scientific, hospital, or religious purposes, as provided in California Revenue and Taxation Code Section 214(a). The Company shall hold title to all of its property in the name of the Company and not in the name of any Member. Each Member's Company Membership Interest in the Company shall be personal property of such Member for all purposes.

Section 2.10 Representations and Warranties of Members. Each Member severally, but not jointly, represents and warrants to the Company and the other Member as follows:

(a) Organization and Authority. Such Member is validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization and has all necessary power and authority to enter into this Agreement and to carry out its obligations hereunder and to perform the actions contemplated hereby. Such Member is duly licensed or qualified to do business and is in good standing in each jurisdiction in which the properties owned or leased by it or the operation of its business makes such licensing or qualification necessary, except to the extent that the failure to be so licensed or qualified would not prevent or materially hinder the performance of the actions contemplated by this Agreement. The execution and delivery of this Agreement by such Member, the performance by such Member of its obligations hereunder and the performance by such Member of the actions contemplated hereby have been duly authorized by all requisite action on the part of such Member. This Agreement has been duly executed and delivered by such Member, and (assuming due authorization, execution and delivery by the other Persons signatory hereto) this Agreement constitutes a legal, valid and binding obligation of such Member enforceable against it in accordance with its terms.

(b) No Conflict. The execution and delivery by such Member of, and performance by such Member of its obligations under, this Agreement do not and will not (i) violate, conflict with or result in the breach of any provision of such Member's charter or bylaws (or similar organizational documents), (ii) violate or conflict with any Law or order of any Governmental Authority applicable to such Member or any of its assets, properties or businesses, (iii) violate, conflict with, result in any breach of, constitute a default (or event which with the giving of notice or lapse of time, or both, would become a default) under, require any consent under, or give to other Persons any rights pursuant to, any contract, agreement or arrangement by which such Member is bound, or result in or require the creation of any Encumbrance upon or with respect to any of its properties, except to the extent that any conflict, violation, breach, default, failure to obtain consent or surrender of rights under this clause would not prevent or materially hinder the performance of the actions contemplated by this Agreement, or result in any default, noncompliance, suspension, revocation, impairment, forfeiture or non-renewal of any permit, license, authorization or approval applicable to its operations or any of its properties, except to the extent that such default, noncompliance, suspension, revocation, impairment, forfeiture or non-

renewal would not prevent or materially hinder the performance of the actions contemplated by this Agreement.

(c) Securities Laws.

(i) All Units acquired by or for such Member are and will be acquired solely for such Member's own account for investment purposes only and not with a present view toward the distribution thereof or with any present intention of distributing or reselling any such Units in violation of the Securities Act or any state securities Laws. Irrespective of any other provisions of this Agreement, any Transfer of any of the Units acquired by such Member will be made only in compliance with all applicable federal and state securities Laws, including the Securities Act.

(ii) Such Member has had the opportunity to ask questions and receive answers concerning the Units acquired by or for such Member. Such Member has had full access to such information and materials concerning the Company as such Member has requested. The Company has answered all inquiries that such Member has made to the Company relating to the Company or the Units acquired by such Member.

(iii) Such Member has sufficient knowledge and experience in financial and business matters so that such Member is capable of evaluating the merits and risks of an investment in the Units and of making an informed investment decision with respect thereto, or such Member has consulted with advisors who possess such knowledge and experience.

(iv) Such Member is able to bear the economic risk of its investment in the Units for an indefinite period of time. Such Member understands that the Units have not been registered under the Securities Act and therefore cannot be sold unless subsequently registered under the Securities Act or unless an exemption from such registration is available.

(v) Such Member has not granted any proxy or entered into or agreed to be bound by any voting trust with respect to the Units which conflict with or violate any provision of this Agreement, including, without limitation, agreements or arrangements with respect to the acquisition, disposition or voting of Units inconsistent with this Agreement.

(d) Debt Obligations. Such Member covenants and agrees that the execution, delivery and performance by such Member of this Agreement and the formation and capitalization of the Company does not subject the Company to any requirement or obligation to, or otherwise require the Company to join as an obligor of, provide a guarantee or otherwise become a surety of or for, pledge any of its assets to secure or otherwise become directly or indirectly liable for, any debt obligations of such Member or any Affiliate thereof, whether on a secured or unsecured basis.

(e) Qualifying Organization. Such Member qualifies as an entity exempt from taxation under IRC §501(c)(3) (and has in its possession a letter from the Internal Revenue Service acknowledging such status) and is a qualifying organization under California Revenue and Taxation Code §214.

Section 2.11 Unitholder Agreements. Each Member covenants and agrees that such Member will not grant any proxy or enter into or agree to be bound by any voting

trust with respect to the Units nor will such Member enter into any Member agreements or arrangements of any kind with any Person with respect to the Units on terms which conflict with or violate any provision of this Agreement, including, without limitation, agreements or arrangements with respect to the acquisition, disposition or voting of Units inconsistent with this Agreement.

ARTICLE III
MANAGEMENT AND OPERATIONS OF THE COMPANY

Section 3.01 Management of the Company.

(a) Management by Board of Managers. Except for the matters reserved to the Members under Section 3.02 or as otherwise provided in this Agreement or by applicable Law, the Members hereby delegate management of the business and affairs of the Company to the discretion of the Board of Managers. The Board of Managers shall have power and discretion to manage and control the business of the Company and to make all decisions regarding those matters and to perform any and all other acts customary or incident to the management of the Company's business. Except as otherwise provided in this Agreement, the Board of Managers shall have the sole and exclusive power and authority to bind the Company. To the extent that a power is within the power and authority of the Board of Managers, the Board of Managers may expressly delegate such authority to another Person for specific purposes only with the approval of the Members. Notwithstanding the foregoing, the Members acknowledge and agree that as of the Effective Date, the individuals set forth on Exhibit D shall, when executing instruments together, have signing authority on behalf of the Company.

(b) Fiduciary Duties of Managers. Managers shall have fiduciary duties as set forth in Section 17704.09 of the Act except that in managing the Company a manager may take into consideration the needs of the Member that appointed such Manager as well as the needs of the Company.

(c) Board of Managers

(i) Number; Appointment. The Board of Managers shall consist of ten (10) members (each, a "Manager", and collectively, the "Managers"). The Board of Managers shall be designated as follows: (a) seven (7) Managers shall be appointed by SMMC (each a "SMMC Manager"), and (b) three (3) Managers shall be appointed by Kaiser (each a "Kaiser Manager"). All Managers appointed by either Member shall have relevant executive leadership or a management position with, and be currently employed by, the appointing Member or, in the case of SMMC, one of its Affiliates or, in the case of Kaiser, Kaiser Foundation Health Plan, Inc.; provided, however, one (1) of the SMMC Managers may be a respected member and resident of the community served by SMMC who is not employed by SMMC or any of its Affiliates, and another one (1) of the SMMC Managers may be a physician who is not employed by SMMC or any of its Affiliates. The initial Managers are listed on Exhibit B attached hereto. Each Manager shall serve until his or her removal, resignation, death, or incapacity to serve. Each Member shall have the right to remove (with or without cause) any of the Managers designated by such Member at any time and, in the event of such removal or in the event of any vacancies on the Board of

Managers created by the resignation, death or incapacity of any Manager so designated thereby, designate a replacement Manager.

(ii) Supermajority Approvals of Board of Managers. Notwithstanding anything that may be construed to the contrary in this Section 3.01 other than Section 3.01(c)(v), and except with respect to any matter that raises a Tax Exemption Impediment or any action necessary to ensure the Company's continued compliance with the Catholic Identity Standards, the Company shall not take any of the actions described in this Section 3.01(c)(ii) without Supermajority Board Approval.

(A) Approve the annual marketing plan for the Company;

(B) Approval of the Branding Program and any material changes thereto;

(C) Pay any Distribution or return of capital from the Company to the Members of the Company except for Funding Loans, cash distributions made pursuant to Section 5.03(b)(i), Excess Cash Distributions, or Distributions or returns of capital from the Company set forth in an approved Operating Budget of the Company;

(D) Approval or authorization of the unbudgeted incurrence, assumption or guarantee of any indebtedness or other borrowings by the Company above One Million Dollars ($1,000,000) individually or in the aggregate during any Fiscal Year;

(E) Approve or make any decision required in connection with litigation or other legal proceedings (other than the selection of attorneys) relating to the Company where: (i) the amount in controversy exceeds One Million Dollars ($1,000,000), or (ii) the result of the litigation or legal proceeding is reasonably likely to adversely affect the reputation of the Company or any of the Members;

(F) Approve the establishment or creation of any subsidiary of the Company or the investment by the Company in any joint venture or other entity;

(G) Resolve Disputes on behalf of the Company under: (i) the Contribution Agreement, (ii) the Management Services Agreement, (iii) the Kaiser License Agreement, (iv) the SMMC License Agreement, (v) the Bill of Sale, (vi) the Assignment and Assumption Agreement, or (vii) the Existing Hospital Lease, except to the extent that Kaiser exercises its exclusive rights as a third party beneficiary as described in Section 12.10;

(H) Amend, terminate, elect not to renew, or waive any rights under (except to the extent that Kaiser exercises its exclusive rights as a third party beneficiary as described in Section 12.10) the Management Services Agreement, Existing Hospital Lease, the Kaiser License Agreement or the SMMC License Agreement, or take any action that is reasonably likely to result in a breach by the Company under the Management Services Agreement, Existing Hospital Lease, New Hospital Land Lease, the Kaiser License Agreement or the SMMC License Agreement;

(I) Pursuant to Section 4.02(b)(i), approve any change to the Construction Plan of Finance;

(J) Approve any material change to the Plans and Specifications for the New SMMC Hospital; provided, if a material change to the Plans and Specifications is submitted to the Kaiser Managers for approval and the Kaiser Managers do not deliver to the SMMC Managers a written objection to such material change together with a proposed alternative that does not materially increase construction costs within thirty (30) calendar days, then the Kaiser Managers shall be deemed to have approved such material change to the Plans and Specifications;

(K) Establish any reserves to be retained by the Company, including, without limitation, reserves for future needs and contingent and other liabilities and obligations of the Company;

(L) Approve the purchase or sale of any real property by the Company, except for sales covered by Section 3.02(a)(iv);

(M) Approve the annual Operating Budget and annual Capital Budget of the Company; provided, however, except for the Construction Plan of Finance and Development Budget (which shall require Supermajority Board Approval beginning on and continuing after the Effective Date), approval of the annual Operating Budget and annual Capital Budget of the Company shall require Supermajority Board Approval only beginning on and continuing after the SMMC Hospital Commencement of Operations Date;

(N) Approval or authorization of the strategic plan of the Company;

(O) Consistent with Section 3.01(d), establish a Committee, appoint members to a Committee, or appoint the chairman of a Committee;

(P) Approval or authorization of the appointment or removal of the Chief Executive; provided, however, approval of the appointment or removal of the Chief Executive shall require Supermajority Board Approval only beginning on and continuing after the SMMC Hospital Commencement of Operations Date;

(Q) Approval or authorization of any unbudgeted capital or operating expenditures of the Company in excess of One Million Dollars ($1,000,000) individually or in the aggregate in any given Fiscal Year;

(R) Consistent with Section 3(c)(vi), approval of the individuals who serve as Chairman after the initial Chairman;

(S) Consistent with Section 3(c)(vii), approval of the individuals who serve as Vice-Chairman after the initial Vice-Chairman;

(T) Consistent with Section 3.01(e)(ii), appoint additional officers of the Company;

(U) Approval or authorization of: (a) the closure of any hospital owned by the Company; (b) a ten percent (10%) reduction in the overall bed capacity for overall general acute care services provided by a hospital owned by the Company; (c) the closure of an entire department or service line of any hospital owned by the Company; (d) any closure of or reduction to any services required by or that are Conditions to the AG Letter, but for only as long as such service is required to be provided pursuant to the Conditions to the AG Letter; or (e) a reduction in any services added at a future date that are deemed critical to inpatient care as mutually and reasonably agreed upon in writing by the Parties;

(V) Approval or authorization of any exclusive contract binding the Company or any of the Company's assets (i) with a health insurer, health plan or other third party payer for dedicated capacity or service ability at the New Hospital, or (ii) that is reasonably likely to lead to material reductions in capacity or access for Kaiser's members at any hospital owned by the Company or (ii) that is reasonably likely to lead to material reductions in access for Kaiser's members to any services provided at any hospital owned by the Company deemed critical to inpatient care as mutually and reasonably agreed upon in writing by the Parties; or

(W) Take any other action that requires Supermajority Board Approval pursuant to the terms of this Agreement.

(iii) Board of Managers Meetings.

(A) Regular meetings of the Board of Managers shall occur no less than quarterly and shall be held at such times and places as shall be designated from time to time by resolution of the Board of Managers.

(B) Special meetings of the Board of Managers shall be held whenever called, on at least five (5) days' notice to each Manager by the Chairman, Vice-Chairman, any Member, or by resolution of the Board of Managers, at such times and places as may be specified in the respective notices thereof. Notice of any such special meeting may be delivered verbally, electronically or in writing. Any Manager may waive notice of any meeting. The attendance of a Manager at a meeting shall constitute a waiver of notice of such meeting, except where a Manager attends a meeting for the express purpose of objecting to the transaction of any business at such meeting on the basis that such meeting is not lawfully called or convened. Each Manager shall have the ability to add a topic or matter to the agenda at any duly called meeting of the Board of Managers.

(C) The Chief Executive shall be a regular attendee of the meetings of the Board of Managers, except in circumstances where the Board of Managers determines that the presence of the Chief Executive is not appropriate. The Board of Managers may invite additional individuals to attend meetings of the Board of Managers from time to time.

(iv) Quorum; Proxy. A quorum shall exist for the transaction of business at a meeting of the Board of Managers if at least a majority of the Managers then in office, including at least four (4) of the SMMC Managers and at least two (2) of the Kaiser Managers, are present in person or by proxy. Each Manager entitled to vote on a particular matter may only authorize another Manager to act for him or her by proxy; provided, however, an SMMC Manager

may only authorize another SMMC Manager to act for him or her by proxy and a Kaiser Manager may only authorize another Kaiser Manager to act for him or her by proxy. Each proxy shall be signed by the Manager giving such proxy and delivered to the Board of Managers prior to such vote.

(A) Notwithstanding anything that may be construed to the contrary herein, assuming the notice requirements described in Section 3.01(c)(iii) are satisfied, in the event a quorum is not achieved for a meeting solely as a result of an SMMC Manager or a Kaiser Manager not being present, notwithstanding anything in this Agreement that may be construed to the contrary, if the immediately following meeting fails to achieve a quorum for the same reason, such meeting may proceed without a quorum and the Board of Managers may take action at such meeting by majority vote of those Managers present. Notwithstanding the foregoing, under no circumstances may the Board of Managers take action on any item listed in Section 3.01(c)(ii) without the approval of at least three (3) SMMC Managers and at least two (2) Kaiser Managers.

(v) Conflicts of Interest. Notwithstanding anything that may be construed to the contrary herein, in the event that a Manager or Managers have a Conflict of Interest with respect to a particular matter, then such Manager(s) shall not be permitted to vote on the matter. A Manager shall not be deemed to have a Conflict of Interest solely and exclusively because such Manager is employed by, or serves as an officer, director or representative of, a Member. Managers shall provide an annual conflict of interest disclosure to the Board of Managers for review by either the Chairman or Vice Chairman in accordance with the Conflict of Interest Policy.

(vi) Chairman. The Chairman of the Board of Managers (the "Chairman") shall preside at all meetings of the Board of Managers attended by the Chairman. For any meeting of the Board of Managers in which the Chairman is absent, the Vice-Chairman shall preside. SMMC shall designate the initial Chairman who shall serve through the third (3rd) anniversary of the Effective Date. After the initial Chairman, each Chairman shall be designated by Supermajority Approval of the Board of Managers and each shall serve for a three (3) year period. The Chairman as of the Effective Date is set forth on Exhibit B attached hereto.

(vii) Vice-Chairman. The Vice-Chairman of the Board of Managers (the "Vice-Chairman") shall preside at all meetings of the Board of Managers not attended by the Chairman. For any meeting of the Board of Managers in which the Chairman and Vice-Chairman are absent, such other Manager as is appointed in advance by the Chairman and Vice-Chairman shall preside. Kaiser shall designate the initial Vice-Chairman who shall serve through the third (3rd) anniversary of the Effective Date. After the initial Vice-Chairman, each Vice-Chairman shall be designated by Supermajority Approval of the Board of Managers and each shall serve for a three (3) year period. The Vice-Chairman as of the Effective Date is set forth on Exhibit B attached hereto.

(viii) Manner of Acting

(A) Board Approval. Except as otherwise set forth in this Agreement, such as those instances where Supermajority Board Approval is required pursuant to Section 3.01(c)(ii), Board Approval shall be required for the Board to take action.

(B) Action Without Meeting; Written Consent. Any action that may be taken by the Board of Managers at a meeting may be taken without a meeting of the Board of Managers if a consent in writing, setting forth the action to be so taken, shall be signed by sufficient Managers to constitute Board Approval had such action been taken at a meeting of the Board of Managers.

(ix) Participation. Managers may attend a meeting of the Board of Managers by means of a conference telephone, electronic or other communications equipment through which all Persons participating in such meeting can hear or communicate with each other.

(x) Access to Books, Records and Financial Information. Each Manager shall have routine and regular access to the Company books and records and detailed financial and other information reasonably necessary to carry out his or her responsibilities regarding the management and control of the business of the Company. Additionally, on reasonable request, each Member shall have access to: (i) financial information and audit work papers of the Company that are reasonably necessary for each Member's financial reporting and financial statement requirements and to review the audit results of Company, and (ii) calculations of the Company's overhead and other costs.

(xi) Expense Reimbursement. By resolution of the Board of Managers, each Manager may be reimbursed for the reasonable expenses, if any, of attendance by such Manager at each meeting of the Board of Managers. No Manager shall be entitled to compensation from the Company for serving as a Manager.

(d) Committees of the Board of Managers.

(i) Establishment of Committees. The Board of Managers may, by Supermajority Board Approval, establish standing and special committees, working groups or ad hoc committees to carry out such tasks or investigate such issues as the Board of Managers may determine ("Committees"), including, without limitation, a Quality Committee and a Construction Committee. Except for the Quality Committee (which shall have such delegated authority of the Board of Managers as described in Section 3.01(d)(iv)), unless otherwise mutually agreed upon by both Members, a Committee established by the Board of Managers shall be advisory only, shall not be delegated any powers of the Board of Managers or have the ability to make decisions on behalf of the Board of Managers, and shall not relieve the Board of Managers from any responsibility imposed upon it by Law or this Agreement. The members of the Committees shall be appointed by Supermajority Board Approval; provided, however, each Committee shall at all times consist of at least one (1) individual representative of SMMC and at least one (1) individual representative of Kaiser. Except as otherwise provided in this Agreement, the Board of Managers may determine the manner of conducting Committee business, whether at a meeting or otherwise.

(ii) Committee Appointments. Except as otherwise provided in this Agreement, the chairman of each Committee shall be appointed by Supermajority Board Approval,

and the chairman of a Committee shall be a member of such Committee. Committees shall meet as frequently as may be necessary or appropriate to fulfill their assigned duties. Committee chairmen shall preside at, and shall fix the place, time and date of, Committee meetings. Special Committee meetings may be called by or at the request of the chairman of the Committee, or the Board of Managers, upon proper notice of the same to the members of such Committee. Any member of a Committee may be removed therefrom with or without cause by Board Approval.

(iii) General Provisions. The minutes and records of the meetings of each Committee shall be kept by a secretary appointed therefor by the chairman of such Committee, and complete copies of such minutes and records shall be filed promptly with such secretary. The secretary of each Committee shall in the case of a special meeting of the Committee give notice of the meeting to the members of the Committee in accordance with the terms of Section 3.01(c)(iii). A Committee may at its first meeting schedule regular meetings to be held during the ensuing year. A list of regularly scheduled meetings of any Committee shall be sent to all Committee members not present at the meeting at which such regular meetings were scheduled, and no further notice of those meetings shall be required. At a Committee meeting, a quorum shall be a majority of the total number of members of the Committee, including at least one (1) representative of SMMC that is a member of the Committee and at least one (1) representative of Kaiser that is a member of the Committee. When a quorum is present at any meeting, the vote of a majority of the Committee members present and voting may decide any question brought before the meeting, unless a greater percentage vote is required by this Agreement or the rules of the Committee. A Committee may adopt rules and regulations concerning the conduct of its affairs as it may from time to time determine to be desirable and which are not inconsistent with this Agreement. Each member of a Committee shall have one vote with respect to matters before the Committee, except where otherwise stated in this Agreement.

(iv) Quality Committee. As of the Effective Date, there shall be a Quality Committee of the Board of Managers (the "Quality Committee"). The Quality Committee shall review and address issues related to quality of services provided at the Hospitals. The scope of responsibilities of the Quality Committee shall be set forth on Exhibit F, attached hereto and incorporated herein. Except as otherwise set forth on Exhibit F or elsewhere in this Agreement, the Quality Committee shall have the delegated authority to act on behalf of the Board of Managers with respect to the actions described on Exhibit F.

(A) Composition. The Quality Committee shall consist of the following eight (8) voting members:

(a) four (4) individuals appointed by SMMC (and SMMC shall have the right to remove (with or without cause) any such individual from the Quality Committee at any time and designate his or her replacement on the Quality Committee); and

(b) four (4) individuals appointed by Kaiser (and Kaiser shall have the right to remove (with or without cause) any such individual from the Quality Committee at any time and designate his or her replacement on the Quality Committee).

(B) Regular Attendees. The following individuals shall be regular, non-voting attendees of the meetings of the Quality Committee: (i) SMMC Hospital Chief Medical Officer, (ii) Senior Manager of SMMC Hospital Quality Department, (iii) SMMC Hospital Chief Nursing Officer, (iv) a representative from the Southern California Permanente Medical Group, and (v) a senior member of Kaiser's quality management team. The Quality Committee may invite additional individuals to attend meetings of the Quality Committee from time to time.

(C) Quorum; Meeting Participation. A quorum shall exist for decision-making at a meeting of the Quality Committee if at least a majority of the members of the Quality Committee are present, including at least one (1) of the SMMC Managers and at least one (1) of the Kaiser Managers sitting on the Quality Committee. Members of the Quality Committee may attend a meeting of the Quality Committee by means of a conference telephone or other communications equipment through which all Persons participating in such meeting can hear each other.

(D) Quality Committee Approval. Approval of the Quality Committee shall require the unanimous affirmative vote of all of the members of the Quality Committee present at a duly convened meeting of the Quality Committee at which a quorum is present. Any issue or decision presented to the Quality Committee that does not receive unanimous approval as described in the preceding sentence shall be presented to the Board of Managers for review and approval. Notwithstanding the foregoing, under no circumstances may the Quality Committee take action without the approval of at least one (1) Kaiser Manager and one (1) SMMC Manager who are members of the Quality Committee.

(E) Action Without Meeting; Written Consent. Any action that may be taken by the Quality Committee at a meeting may be taken without a meeting of the Quality Committee if a consent in writing, setting forth the action to be so taken, shall be signed by all members of the Quality Committee.

(v) Construction Committee. As of the Effective Date, there shall be a Construction Committee of the Board of Managers (the "Construction Committee"). The Construction Committee shall oversee the construction process and advise regarding approvals necessary for the development of the New SMMC Hospital. The Construction Committee shall review monthly reports pertaining to the construction of the New SMMC Hospital that include: (x) a brief summary of activities that have occurred; (y) issues that need to be reviewed by the Construction Committee; and (z) such other information regarding the construction as a Member may reasonably request in writing. Notwithstanding the foregoing, on a regular basis, the Company shall provide the Construction Committee with all material documentation and information regarding the construction process for the New SMMC Hospital, including without limitation its costs and any delays or disputes. The Construction Committee shall serve in an advisory capacity to the Board of Managers, and all decisions and recommendations of the Construction Committee shall be approved by the Board of Managers.

(A) Composition. The Construction Committee shall consist of six (6) voting members, with three (3) representatives appointed by SMMC and three (3) representatives appointed by Kaiser.

(B) Quorum; Meeting Participation. Meetings of the Construction Committee shall occur on a monthly basis (or on another schedule determined by the Construction Committee) until the construction of the New SMMC Hospital is complete. A quorum shall exist for decision-making at a meeting of the Construction Committee if at least a majority of the members of the Construction Committee are present, including at least one (1) of the SMMC representatives and at least one (1) of the Kaiser representatives sitting on the Construction Committee. Members of the Construction Committee may attend a meeting of the Construction Committee by means of a conference telephone or other communications equipment through which all Persons participating in such meeting can hear each other.

(C) Construction Committee Approval. Approval of the Construction Committee shall require the affirmative vote of a majority of the members of the Construction Committee present at a duly convened meeting of the Construction Committee at which a quorum is present.

(D) Action Without Meeting; Written Consent. Any action that may be taken by the Construction Committee at a meeting may be taken without a meeting of the Construction Committee if a consent in writing, setting forth the action to be so taken, shall be signed by all members of the Construction Committee.

(E) Developer. The Members acknowledge and agree that SMMC has or will select on behalf of the Company, with consultation from Kaiser, a construction project developer or project manager (the "Developer") to oversee the development of the New SMMC Hospital. The Construction Committee shall oversee the Developer, and SMMC shall cause the Developer to report both to the Construction Committee and relevant real estate departments of SMMC and Providence.

(F) Architect; Construction Design Process. The Company shall cause the Developer to work with the Construction Committee to select an architect and an engineering firm for the planning, design and engineering of the New SMMC Hospital. The architect must be experienced in the design of hospitals in California and have experience working with California's Office of Statewide Health Planning and Development, Facilities Development Division ("OSHPD FDD"). The architect retained by the Company must be approved by both Kaiser and SMMC in advance; provided, if an architect is submitted to Kaiser for approval and Kaiser does not deliver to SMMC a written objection to such architect together with a proposed alternative that does not materially increase construction costs within thirty (30) days from receipt of written notice, then Kaiser shall be deemed to have approved such architect. During each phase of the design process of the New SMMC Hospital, both Kaiser and SMMC will be afforded input into, and shall have the right to approve the initial schematic designs, project designs, construction documents and all other documents and deliverables related to the design plans and specifications of the New SMMC Hospital (collectively, the "Plans and Specifications"). The architect shall develop the Plans and Specifications that provide for construction and the use of the New SMMC Hospital in compliance with all governmental laws and regulations, and requirements, standards, and regulations of appropriate supervising boards of fire underwriters and similar agencies and hospital construction standards of the State of California.

(G) Development Budget. Prior to the construction of the New SMMC Hospital, the Company, with the consultation of and recommendations from the Construction Committee, shall cause to be prepared a development budget (the "Development Budget") for the development of the New SMMC Hospital, including design, site preparation, construction, equipment, moving costs, and furnishings, which Development Budget shall be approved by Supermajority Board Approval.

(H) Regulatory Approvals for Construction. The Company shall be responsible for obtaining all governmental approvals required in construction of the New SMMC Hospital, including the land use approval process and obtaining a conditional use permit from the City or County, geotechnical approvals and other approvals of OSHPD FDD to obtain the necessary building permits, approval of beneficial occupancy upon completion of construction and approval from the licensing section of the Department of Health Services of a certificate of occupancy.

(I) Timing for Construction of New SMMC Hospital. Unless otherwise determined by the Board of Managers, the Company shall commence construction of the New SMMC Hospital within sixty (60) days of receipt of all necessary regulatory approvals and receipt of all other approvals of SMMC and/or Kaiser required hereunder. The Company shall diligently pursue said construction to completion and shall perform such duties as may be necessary to complete the construction of the New SMMC Hospital pursuant to the Plans and Specifications and Development Budget, all of which shall be accomplished on or before the sixth (6^{th}) anniversary of the Effective Date unless otherwise approved by the Board of Managers.

(J) Scope Changes; Overruns. A "Scope Change" shall mean a change in program that could, but may not, change the original New SMMC Hospital features which may or may not impact cost. All Scope Changes shall be pursued by the Company only after consultation with the Developer, recommendation of the Construction Committee and approval of the Board of Managers. A Scope Change that involves One Million Dollars ($1,000,000) or more in unbudgeted costs shall require the approval of Kaiser.

(e) Officers.

(i) Chief Executive. The Company shall at all times have a Chief Executive Officer of the Company (the "Chief Executive"). The individual serving as Chief Executive shall be recommended to the Board of Manager by SMMC, and the Chief Executive shall be approved by Supermajority Board Approval. The Chief Executive shall: (A) be responsible for the operation and maintenance of SMMC Hospital; (B) execute the policies of the Board of Managers in managing the Company's business and affairs; (C) participate in the formulation of policies and the development, coordination and execution of corporate programs; and (D) report and be responsible to the Board of Managers.

(ii) Other Officers. The Board of Managers may, from time to time, by Supermajority Board Approval, appoint such officers of the Company as it deems necessary or appropriate, each such officer to have the authority and responsibility and serve for the term designated by the Board of Managers, or as agreed to by such officer and the Company in a separate written agreement signed thereby that receives Supermajority Board Approval. None of such

officers shall be deemed "managers" as such term is used in the Act, but each such officer shall be deemed an agent of the Company. Unless otherwise agreed by such officer and the Company in a separate written agreement signed thereby, the Board of Managers in its sole discretion can remove such officer at any time and such officer may resign upon prior written notice to the Board of Managers. The Board of Managers may fill any vacancies in officers of the Company by Supermajority Board Approval.

(iii) The Company may reimburse the officers of the Company for any reasonable expenses incurred by such officers for their service on behalf of the Company, including, without limitation, travel and lodging, provided that such officers comply with the Company's reimbursement policies and procedures in effect at such time.

(f) Use of Agents. The Board of Managers may, from time to time, retain any Person to provide services to the Board of Managers, and the Board of Managers is entitled to rely in good faith upon the recommendations, reports, advice or other services provided by any such Person.

Section 3.02 Member Reserved Powers.

(a) Notwithstanding anything to the contrary in Section 3.01, the Company shall not take any of the following actions, and the Board of Managers shall have no authority to cause the Company to take any of the following actions, unless approved by written consent of each of the Members. The powers set forth below in this Section 3.02(a) and any other Member powers expressly set forth in this Agreement and those powers that a Member is required to exercise by the Act or otherwise by Law may be initiated and exercised by the Members, or if initiated by the Board of Managers, must be submitted to and receive approval of the Members.

(i) Adoption, amendment, modification, or repeal of any statement of philosophy, mission, mission integration, or values of the Company;

(ii) Adoption, amendment, modification, or repeal of the Articles of Organization or other organizational or governance documents of the Company, including, without limitation, this Agreement;

(iii) Approval or authorization of any delegation of authority of the Board of Managers to another Person;

(iv) Approval or authorization of: (A) any merger or consolidation of the Company, or (B) the sale, lease, transfer, or other disposition of all or substantially all of the assets of the Company;

(v) Pursuant to Section 4.02(c), require any Non-Mandatory Capital Contributions to the Company by the Members;

(vi) Approval or authorization of any dissolution, winding up or abandonment of operations, liquidation, filing of action in bankruptcy, receivership or similar action affecting the Company;

(vii) Except as otherwise permitted in Article VII, approval of additional members of the Company (other than in connection with a Permitted Transfer);

(viii) Except as otherwise permitted in Article VII, approve any issuance, Transfer or redemption of any Company Membership Interest or other ownership interests in the Company, including with respect to any Member, other than Permitted Transfers;

(ix) Except as otherwise permitted in Article VII or Article VIII, approve any Member's resignation or withdrawal from the Company, or return of a Capital Contribution to a Member;

(x) Take any action that could reasonably be expected: (a) to result in or present a material risk of revocation of the federal tax-exempt status of SMMC, Kaiser or any of their tax-exempt Affiliates, or, if any, their respective tax-exempt financial obligations; (b) to more likely than not result in SMMC, Kaiser or any of their tax-exempt Affiliates to incur or recognize "unrelated business taxable income" under IRC §511(a) in an amount that could reasonably be determined to jeopardize the tax exempt status of SMMC, Kaiser or any of their tax exempt affiliates; or (c) to prohibit or restrict the ability of SMMC, Kaiser or any of their tax-exempt Affiliates to issue tax-exempt bonds, certificates of participation or other tax-exempt financial obligations;

(xi) Cause the Company to change its form of legal entity such that it is no longer a limited liability company (other than in connection with a Dissolution Event);

(xii) Approve (exercisable solely by Kaiser as the disinterested Member): (A) the exercise of the Company's rights under the Contribution Agreement, including but not limited to the exercise of termination rights, approving amendments, the granting of waivers and consents, the assertion of claims in the right of the Company and the determination that the conditions required to transfer the Hospital Assets (as such term is defined in the Contribution Agreement) from SMMC to the Company have been met pursuant to the terms of the Contribution Agreement, and (B) any action that is reasonably likely to result in a breach of the Contribution Agreement by the Company;

(xiii) Approve any exception to the Company's right of first refusal to participate in a Competing Business described in Article VI of the Affiliation Agreement; provided that approval by the Proposing Party (as defined in the Affiliation Agreement) shall not be required; and

(xiv) Approve the Company's decision to participate or not participate in a Competing Business after the Company's receipt of a Competing Business Notice pursuant to Article VI of the Affiliation Agreement; provided that approval by the Proposing Party (as defined in the Affiliation Agreement) shall not be required.

(b) Notwithstanding anything in this Agreement that may be construed to the contrary, SMMC shall have sole authority following discussion with the Board of Managers to implement actions it reasonably and in good faith deems necessary to ensure the Company's continued compliance, with respect to the Hospitals, with the Ethical and Religious Directives for Catholic Health Services and Canon Law and to reasonably and in good faith decide other matters

that could adversely impact the Catholic identity of the Company, the Hospitals, SMMC or Providence, including the mission, vision, and values of the Hospitals to the extent they implicate the Catholic Identity Standards.

(c) Notwithstanding anything in this Agreement that may be construed to the contrary, to the fullest extent permitted by law, for the purpose of qualifying for the welfare exemption under the rules of the California Board of Equalization and federal income tax exemption as an organization described in IRC § 501(c)(3), the Company is prohibited from merging with or into, or converting into, a for-profit entity.

Section 3.03 Indemnity.

(a) No Member, in its capacity as such, or Manager, in his or her capacity as such (hereinafter collectively referred to as "Indemnitees"), shall have any liability, responsibility or accountability in damages or otherwise to any Members or the Company for any Adverse Consequences suffered by the Company which arise out of any act or omission performed or omitted by such Indemnitee, except for, and only to the extent of, liability for: (i) gross negligence, (ii) acts or omissions not in good faith or which involve willful misconduct or a knowing violation of Law, and (iii) solely with respect to any Member, any acts or omissions of any Member under this Agreement constituting a breach of this Agreement. To the full extent permitted by Section 17704.08 of the Act, each Indemnitee shall be indemnified by the Company, and the Company hereby agrees to indemnify, make advances to, defend, pay, protect and hold harmless the Indemnitee (on the demand of and to the reasonable satisfaction of such Indemnitee), from and against any and all Adverse Consequences arising from such Indemnitee's involvement with the affairs, or the management of the affairs, of the Company, provided that such Adverse Consequences were not the result of gross negligence or acts or omissions not in good faith or which involve willful misconduct or a knowing violation of Law by such Indemnitee. If any action, suit or proceeding shall be pending against the Company and an Indemnitee, such Indemnitee shall have the right to employ, at the expense of the Company, separate counsel of its, his or her choice in such action, suit or proceeding. The satisfaction of the obligations of the Company under this Section 3.03 shall be from and limited to the assets of the Company and no Member shall have any liability on account thereof. Nothing in this Section 3.03 shall be construed to deny any Manager the benefit of indemnification or insurance coverage available to such Manager as a separate indemnity or insurance that the Manager may have through the Manager's employer.

(b) The Company may, to the extent authorized from time to time by the Board of Managers, grant rights to indemnification to any Person that was or is a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding by reason of the fact that such Person is or was an officer, employee or agent of the Company or is or was serving at the request of the Company as a director, officer, employee or agent of another corporation, partnership, limited liability company, joint venture, trust or other enterprise; provided, however, the Company shall not indemnify such Person for any act or omission that constitutes gross negligence or acts or omissions not in good faith or which involve willful misconduct or a knowing violation of Law.

(c) Any reasonable expenses (including reasonable attorneys' fees) incurred by any Indemnitee in defending any civil, criminal, administrative or investigative action, suit or proceeding related to the Company shall be paid by the Company in advance of the final disposition of such action, suit or proceeding upon receipt by the Company of an undertaking by or on behalf of such Indemnitee to repay such amount if it shall ultimately be determined that such Indemnitee is not entitled to be indemnified by the Company pursuant to Section 3.03(a) or 3.03(b).

Section 3.04 Rights and Obligations of Members.

(a) Rights and Obligations of a Member. A Member as such shall not be personally liable for any of the debts of the Company or any of the losses thereof, whether arising in tort or contract or otherwise, beyond the Capital Contribution made or required to be made by such Member to the Company; provided, however, a Member may be required to repay Distributions made thereto as provided in the Act. Neither the Board of Managers nor any Manager shall have any personal liability for the repayment of any Capital Contribution of any Member.

(b) Withdrawal / Resignation. Except as otherwise provided in Article VII and VIII, no Member shall demand or receive a return of its Capital Contributions, or resign or withdraw from the Company, without approval of the Members pursuant to Section 3.02(a).

(c) Partition. While the Company remains in effect or is continued, each Member waives its rights to have any of the Company's property or assets partitioned, or to file a complaint or to institute any suit, action or proceeding at law or in equity to have any of the Company's property or assets partitioned. Each Member, on behalf of itself and its successors and assigns, hereby specifically waives any such direct or indirect right it now has or may hereafter acquire to cause any assets of the Company now or hereafter acquired to be partitioned.

(d) Duties of Members. The Company and the Members acknowledge and agree that except as may be required by the Act or otherwise expressly set forth herein, no Member shall owe any duties (including fiduciary duties) solely in its capacity as a Member to any other Member or the Company. In the case of any such duties that, in accordance with the Act, cannot be so waived, the Company and the Members acknowledge and agree that such duties are hereby limited and narrowed to the maximum extent permitted by the Act. Notwithstanding the foregoing, the Company and the Members acknowledge and agree that the Members shall discharge their duties hereunder and exercise their rights hereunder consistent with the obligation of good faith and fair dealing. For purposes of this Agreement, good faith and fair dealing shall mean honesty in belief or purposes, and a Person shall not be deemed to be acting in bad faith merely because the Person's conduct furthers the Person's own (or an Affiliate's) interest.

(e) Transfers of Company Assets. Consistent with the Company's charitable purposes, the Company, interests in the Company (other than a Company Membership Interest), or the assets of the Company may only be availed of or transferred to (whether directly or indirectly) any nonmember (other than an organization that is exempt under IRC § 501(c)(3) and California Revenue and Taxation Code § 23701d and that qualifies for exemption under California Revenue and Taxation Code § 214) in exchange for fair market value.

ARTICLE IV
CAPITALIZATION OF THE COMPANY

Section 4.01 Initial Capital Contributions. The Members have made initial Capital Contributions (the "Initial Capital Contributions") to the Company in cash and/or assets as set forth on Exhibit A attached hereto. Additionally, Exhibit A sets forth each Member's Percentage Interest in the Company based on the Initial Capital Contributions made by each Member to the Company. The respective Percentage Interests of the Members shall remain unchanged unless the Members mutually agree otherwise in writing. Exhibit A shall be amended from time to time by the Board of Managers to reflect Additional Capital Contributions made by, and Distributions to, the Members. Ownership of Units shall not be certificated and shall be evidenced solely by the books and records of the Company as governed by this Agreement. Units may not be subdivided, combined, reclassified or consolidated.

Section 4.02 Funding for the Company.

(a) In addition to the Initial Capital Contributions made by each Member to the Company, each of the Members agrees to contribute capital to the Company in proportion to its respective Percentage Interest on the terms set forth in this Section 4.02. All capital requirements of the Company shall be funded in accordance with this Section 4.02 and no Member shall be required to contribute capital in excess of such Member's Percentage Interest. The Operating Budget and Capital Budget shall be prepared annually and, after the SMMC Hospital Commencement of Operations Date, approved by Supermajority Approval of the Board of Managers. Additionally, a five-year Capital Budget shall be prepared and updated annually, and, after the SMMC Hospital Commencement of Operations Date, approved by Supermajority Approval of the Board of Managers.

(b) Mandatory Capital Contributions.

(i) Construction Capital Contributions. In accordance with the payment process set forth in Section 4.02(b)(i)(B) below, unless otherwise mutually agreed upon by the Members, each Member shall make Capital Contributions towards the construction of the New SMMC Hospital (the "Construction Capital Contributions") in proportion to their Percentage Interests pursuant to the plan of finance set forth on Exhibit E, attached hereto and incorporated herein (the "Construction Plan of Finance"). As set forth in the Plan of Finance, the estimated total costs of the construction of the New SMMC Hospital is Nine Hundred Seventy Three Million Dollars ($973,000,000) (the "Estimated Total New SMMC Hospital Construction Costs"); provided, however, the Members acknowledge that the Estimated Total New SMMC Hospital Construction Costs is only an estimate, and if the actual total costs of the construction of the New SMMC Hospital exceed the Estimated Total New SMMC Hospital Construction Costs, the Members shall make capital contributions to the Company pursuant to this Section 4.02(b)(i) and in accordance with an approved revised Development Budget in proportion to their Percentage Interests to cover the difference ("Construction Shortfall Contributions"). Notwithstanding the foregoing to the contrary, in no event shall the amount each party is required to contribute pursuant to Section 4.01 and Section 4.02(b)(i) exceed: (1) in the case of Kaiser, Two Hundred Sixty One Million Dollars ($261,000,000), inclusive of Kaiser's Eighteen Million Dollar ($18,000,000) capital contribution made pursuant to Section 6.11 of the Contribution Agreement and subject to

reduction by Eight Million Dollars ($8,000,000) pursuant to Section 4.02(b)(i)(C) below, and (2) in the case of SMMC Six Hundred Nine Million Dollars ($609,000,000) (together, the "Construction Contribution Limit"). If the Construction Contribution Limit has been reached, the Company shall fund any excess construction shortfall either with Non-Mandatory Capital Contributions by the Members or debt financing obtained by the Company from third parties. If such third party debt financing is not available or is not available in sufficient amounts, then unless the Members agree to a different plan of financing, such funding may be provided by loans from the Members in proportion to their Percentage Interests pursuant to Section 4.04.

(A) Notwithstanding Section 4.02(b)(i) above, if either Member declines to make a Non-Mandatory Construction Shortfall Contribution after that Member's Construction Contribution Limit has been reached, the other Member may, at its option, after it has funded its own Non-Mandatory Construction Shortfall Contribution, fund the other Member's portion of the Non-Mandatory Construction Shortfall Contribution. In doing so, the amount funded by the funding Member shall be deemed a Funding Loan in accordance with Section 4.03. If both of the Members decline to make a Non-Mandatory Construction Shortfall Contribution after their Construction Contribution Limit has been reached, such difference shall be funded with debt financing obtained by the Company. In furtherance of the foregoing, a Member's refusal to make a Non-Mandatory Construction Shortfall Contribution when that Member's Construction Contribution Limit has been reached shall not constitute a breach of this Agreement by that Member. For the avoidance of doubt, the term "Construction Capital Contributions" does not include Construction Shortfall Contributions. If a Member chooses to fund the other Member's portion of a Non-Mandatory Construction Shortfall Contribution after the other Member has the right to (and has exercised such right to) decline to fund its portion of such Non-Mandatory Construction Shortfall Contribution (as described earlier in this Section 4.02(b)(i)(A)), no Member shall be issued additional Units in connection with any Construction Capital Contributions or any Construction Shortfall Contributions made pursuant to this Section 4.02(b)(i), nor shall the Members' respective Percentage Interests be adjusted in connection therewith. Any change to the Construction Plan of Finance shall be subject to an approved Development Budget and Supermajority Board Approval.

(B) The Members agree to the process described in this Section 4.02(b)(i)(B) for the Members' payment of Construction Capital Contributions and any Construction Shortfall Contributions. The Members agree that SMMC shall, on behalf of the Company, directly pay the contractors and all other relevant third party vendors for the costs associated with the construction of the New SMMC Hospital in accordance with the Construction Plan of Finance. In furtherance of the foregoing, SMMC shall submit an invoice to Kaiser each month that details the New SMMC Hospital construction costs paid by SMMC during the immediately previous month (the "Monthly Construction Invoice") along with reasonable documentation evidencing such costs incurred by SMMC. Each Monthly Construction Invoice shall state Kaiser's share of the costs paid by SMMC during the immediately previous month, which shall be in proportion to Kaiser's Percentage Interest. Within forty-five (45) days after Kaiser's receipt of the Monthly Construction Invoice, Kaiser shall reimburse SMMC for Kaiser's share of the costs incurred by SMMC set forth on the Monthly Construction Invoice; provided, however, as a condition to such reimbursement, Kaiser shall have the right, in its reasonable discretion, to request additional reasonable information and documentation from SMMC regarding the amount set forth on a Monthly Construction Invoice to ensure that such amount accurately

reflects the costs incurred by SMMC and is consistent with the Construction Plan of Finance. In the event Kaiser disputes any amount set forth on a Monthly Construction Invoice, such dispute shall be resolved through the dispute resolution process set forth in Article XI. All payments made pursuant to this Section 4.02(b)(i)(B) by SMMC directly to the contractors and other relevant third party vendors for the costs associated with the construction of the New SMMC Hospital shall be deemed Construction Capital Contributions made by SMMC, and all reimbursements made pursuant to this Section 4.02(b)(i)(B) by Kaiser to SMMC for Kaiser's share of such costs shall be deemed Construction Capital Contributions made by Kaiser. Subject to any required Board approvals, SMMC shall be responsible for resolving any payment disputes with third parties regarding the design, development and construction of the New SMMC Hospital, with commercially reasonable cooperation from Kaiser.

(C) The Members acknowledge that the value of the intellectual property that KFHP licenses to the Company pursuant to the certain Kaiser License Agreement is equal to Eight Million Dollars ($8,000,000) (the "License Value"). In consideration of KFHP's license to the Company of such intellectual property under the Kaiser License Agreement, Kaiser shall have the right to in 2021 (or alternatively in 2022 if the transactions contemplated in the Contribution Agreement do not close until 2022) offset the Construction Capital Contributions owed by Kaiser pursuant to Section 4.02(b)(i) by an amount equal to the License Value.

(ii) Capital Contributions for Cash Purposes.

(A) Prior to SMMC Hospital Commencement of Operations Date. The Members agree that prior to the SMMC Hospital Commencement of Operations Date, there shall be no requirement that the Company maintain any minimum Working Capital or Cash On Hand requirement, and no Member shall be required to make any Capital Contributions to the Company for purposes of ensuring that the Company maintains sufficient amount of Working Capital or Cash On Hand.

(B) As of SMMC Hospital Commencement of Operations Date. As of the SMMC Hospital Commencement of Operations Date, the Members intend for the Company to be self-sustaining and able to meet its ongoing Working Capital and routine capital requirements from the Company's cash flows alone. Nevertheless, subject to Section 4.02(f) below and after any required Replenishment Contributions have been made by SMMC, as of the first (1st) anniversary of the SMMC Hospital Commencement of Operations Date, unless otherwise mutually agreed upon by the Members, each Member shall make a Capital Contribution to the Company to ensure that the Company at all times maintains an amount of Cash On Hand equal to Forty-Five Days Cash ("Capital Contributions for Cash Purposes", and together with Construction Capital Contributions and Replenishment Contributions, the "Mandatory Capital Contributions"). The Parties anticipate that upon the SMMC Hospital Commencement of Operations Date that the Company will secure a short term credit facility to provide for any working capital needs. Capital Contributions for Cash Purposes shall not include funding required for new capital projects, unless such capital projects are mutually agreed upon by the Members. The Board of Managers shall monitor the Company's days Cash On Hand at least a quarterly basis. Unless otherwise agreed to by the Members, if at the end of any quarter after the first (1st) anniversary of the SMMC Hospital Commencement of Operations Date, the Company's days Cash On Hand has fallen below Forty-Five Days Cash, the Board of Managers shall notify the Members in writing and request that the

Members make, and if not outside the Limit on Cash Contributions, the Members shall make, Capital Contributions for Cash Purposes to the Company in accordance with this Section 4.02(b)(ii), in proportion to their respective Percentage Interests, equal to the amount necessary for the Company to maintain Forty-Five Days Cash. Notwithstanding the foregoing to the contrary, each Member's obligation to make Capital Contributions for Cash Purposes is limited to the amount of Excess Cash Distributions received by that Member from the Company during the preceding thirty-six (36) month period measured from the date of the Board of Managers notification (the "Limit on Cash Contributions"). If either Member has reached the Limit on Cash Contributions, while the other Member has not, then the Member which has not reached the Limit on Cash Contributions shall continue to make Capital Contributions for Cash purposes until it reaches the Limit on Cash Contributions, and the Members shall not be issued additional Units in connection with such contributions, nor shall the Members' respective Percentage Interests be adjusted in connection therewith. After both Members have reached the Limit on Cash Contributions, Members may (but shall not be obligated to) make Non-Mandatory Capital Contributions pursuant to Section 4.02(c) to fund the amount needed for the Company to reach Forty-Five Days Cash. If the Members do not make Non-Mandatory Capital Contributions for the Company to reach Forty-Five Days Cash, then unless the Members agree to a different plan of financing, the Company shall use its best efforts to fund an amount needed to maintain Forty-Five Days Cash with loans from third parties to the extent available and on terms acceptable to the Company, which loans shall receive Supermajority Board Approval. If such third party debt financing is not available or is not available in sufficient amounts, then unless the Members agree to a different plan of financing, such funding may be provided by loans from the Members (with loan provisions substantially similar for both Members, unless otherwise mutually agreed upon by the Members) in proportion to their Percentage Interests pursuant to Section 4.04.

(a) Notwithstanding Section 4.02(b)(ii) above, if either Member declines to make a Non-Mandatory Capital Contribution for Cash Purposes after it has reached the Limit on Cash Contributions, the other Member may, at its option, after it has funded its own Non-Mandatory Capital Contribution for Cash Purposes, fund the non-funding Member's portion of the Non-Mandatory Capital Contribution for Cash Purposes. In doing so the amount funded by the funding Member will be deemed a Funding Loan in accordance with Section 4.03. If both of the Members decline to make a Non-Mandatory Capital Contribution for Cash Purposes, such difference shall be funded as provided in Section 4.02(b)(ii) above. In furtherance of the foregoing, a Member's refusal to make a Non-Mandatory Capital Contribution for Cash Purposes after it has reached the Limit on Cash Contributions shall not constitute a breach of this Agreement by that Member. If a Member chooses to fund the other Member's portion of a Non-Mandatory Capital Contribution for Cash Purposes after the other Member has the right to (and has exercised such right to) decline to fund its portion of such Non-Mandatory Capital Contribution for Cash Purposes (as described earlier in this Section 4.02(b)(ii)(A)) no Member shall be issued additional Units in connection with any Capital Contributions for Cash Purposes made pursuant to this Section 4.02(b)(ii), nor shall the Members' respective Percentage Interests be adjusted in connection therewith.

(iii) Balance Sheet as of SMMC Hospital Commencement of Operations Date. SMMC shall ensure (including by making necessary Capital Contributions "Replenishment Contributions") that the balance sheet of the Company as of the SMMC Hospital Commencement of Operations Date reflects Working Capital of at least twelve percent (12%) of the total net

operating revenue of the Company, measured as of the most recent Fiscal Year end of the Company. Additionally, as of the SMMC Hospital Commencement of Operations Date, the Company, if it has any debt obligations, shall be in material compliance with all financial covenants in all debt instruments and if not SMMC shall make any necessary Replenishment Contributions to bring the Company into compliance.

(c) Non-Mandatory Capital Contributions. Subject to Section 4.02(f) below, the Board of Managers may request that the Members make non-mandatory Capital Contributions to the Company in proportion to their respective Percentage Interests, subject to approval of the Members pursuant to and in accordance with Section 3.02(a) ("Non-Mandatory Capital Contributions", and together with the Mandatory Capital Contributions, "Additional Capital Contributions").

(d) Funding for Ongoing Operations. Unless a different plan of financing is agreed to by the Members, funding for ongoing working capital and capital expenditures of the Company shall be made in the following order of priority: (i) cash available from operations of the Company, (ii) Mandatory Capital Contributions by the Members (if required pursuant to Section 4.02(b)), (iii) Non-Mandatory Capital Contributions by the Members, (iv) loans from third parties to the extent available and on terms acceptable to the Company that have received Supermajority Board Approval; and (v) loans from any Member pursuant to Section 4.04.

(e) Capital Call Notice. If the Board of Managers requests any Additional Capital Contributions to the Company pursuant to this Section 4.02 (a "Capital Call"), then the Board of Managers shall deliver a written notice (the "Capital Call Notice") to each Member stating:

(i) the aggregate amount of Additional Capital Contributions requested at such time and the intended uses therefor;

(ii) the amount of the Additional Capital Contribution to be provided by each Member, which amount shall be equal to: (A) the aggregate amount of the Capital Call made, multiplied by (B) the Percentage Interest of such Member;

(iii) the due date for such Additional Capital Contributions; provided, however, Members shall have at least fifteen (15) days from the date of the Capital Call Notice to make such Additional Capital Contributions;

(iv) wiring instructions for the wire transfer to the Company's bank account of cash amounts of Additional Capital Contributions by such Members to the Company; and

(v) any other information the Company reasonably determines should be included in the Capital Call Notice.

All Additional Capital Contributions made by the Members shall be made by wire transfer of immediately available funds to the bank account designated by the Company in such Capital Call Notice prior to the close of business on the due date specified in such Capital Call Notice.

(f) Capital Contributions Prior to SMMC Hospital Commencement of Operations Date.

(i) Notwithstanding anything that may be construed to the contrary in this Section 4.02, unless otherwise mutually agreed upon by the Members, and except for Construction Capital Contributions to be made pursuant to Section 4.02(b)(i), Kaiser shall not be required to make any Additional Capital Contributions to the Company prior to the SMMC Hospital Commencement of Operations Date (and Kaiser shall not be required to pay any such Additional Capital Contributions after the SMMC Hospital Commencement of Operations Date under the theory that such Additional Capital Contribution has accrued or been deferred). In furtherance of the foregoing, unless otherwise agreed to by the Members, all Additional Capital Contributions (except for Construction Capital Contributions) to be made prior to the SMMC Hospital Commencement of Operations Date shall be made solely by SMMC, which shall not result in an adjustment to Kaiser's or SMMC's Percentage Interest.

(ii) Prior to the SMMC Hospital Commencement of Operations Date, the Company shall disclose to the Board of Managers actions, incidents or events concerning the SMMC Business that may lead to potential liabilities of Company that are outside the Ordinary Course of Business.

(iii) The Members acknowledge and agree that Kaiser shall not be obligated to make any Additional Capital Contributions for purposes of funding any liabilities of the SMMC Business that pertain to actions, incidents or events that occur prior to the Effective Date because such liabilities are Excluded Liabilities (as such term is defined in the Contribution Agreement) and therefore were not assumed by the Company from SMMC under the Contribution Agreement.

Section 4.03 Failure to Fund.

(a) Subject to Section 4.02(f) above, and except as otherwise provided in Section 4.02, if a Member (the "Non-Funding Member") fails to timely fulfill its obligation to fund: (i) a Mandatory Capital Contribution (but not in excess of the Construction Contribution Limit and the Limit on Cash Contributions), (ii) a Non-Mandatory Capital Contribution that has received approval of the Members, or (iii) a Capital Contribution pursuant to a Capital Budget of the Company that received Supermajority Board Approval (such failure being referred to herein as the "Funding Shortfall"), the Company shall provide such Member a written notice (a "Default Notice") that such Member has failed to meet its funding obligation. If such Funding Shortfall continues for five (5) Business Days after receipt by such Member of a Default Notice, the Company shall promptly notify the other Member (the "Funding Member") of the Funding Shortfall. If the Funding Member has made its Additional Capital Contribution in accordance with the terms hereof, the Funding Member may, in its sole discretion, make such Capital Contribution on behalf of the Non-Funding Member and such Capital Contribution shall be treated as a loan by the Funding Member to the Company, which loan shall bear interest at the Applicable Rate (the "Funding Loan"). Notwithstanding any provision of Section 5.03 otherwise, the full amount of all Excess Cash Distributions shall be paid by the Company solely to the Funding Member until the principal of and all accrued and unpaid interest on the Funding Loan is repaid in full to the Funding Member. If the Funding Member does not elect to make such Capital Contribution on behalf of

the Non-Funding Member, then the Non-Funding Member's failure to fund shall constitute a breach of this Agreement unless the Non-Funding Member is permitted to refuse to make the underlying Capital Contribution in accordance with Section 4.02.

Section 4.04 Debt Financing. At any time after having obtained Supermajority Board Approval, but subject to the terms of Section 4.02(d), the Company may obtain secured or unsecured debt financing for operations, capital expenditures or any other purpose from a third party or any of the Members. The Members acknowledge and agree that no Member shall be required to provide debt financing, loans or guarantees for loans to the Company. Except for principal, Members shall be afforded substantially similar loan terms, unless otherwise mutually agreed to by the Members.

Section 4.05 Capital Accounts. During any period when the Company is classified as a partnership for federal income tax purposes, the Company shall establish and maintain a capital account for each Member in accordance with IRC Regulations Section 1.704-1(b)(2)(iv) (each, a "Capital Account").

Section 4.06 Effect of Transfer of Company Membership Interest. Upon the Transfer by any Member of any or all of its Company Membership Interest pursuant to the provisions of this Agreement, the proportionate amount of such Member's Capital Account balance shall be Transferred to the Transferee of such Company Membership Interest. No Transfer of any Company Membership Interest (including, without limitation, a Permitted Transfer) shall, in and of itself, relieve the Transferor of such Company Membership Interest of any obligation to the Company or any obligation under this Agreement.

ARTICLE V
ACCOUNTING AND DISTRIBUTIONS

Section 5.01 Partnership Representative; Tax Status and Report

(a) The Company shall make the election under IRC §6221(b) for any period during which it is eligible to do so. For any period during which such election is not available and during which the Company is classified as a partnership for federal income tax purposes, the following provisions set forth in this Section 5.01 shall apply.

(b) SMMC is hereby designated as the "Partnership Representative" in accordance with IRC §6221-6241. For purposes of this Section 5.01(b), unless otherwise specified, all references to provisions of the IRC shall be to such provisions as amended by §1101 of P.L. 114-74 (The Bipartisan Budget Act of 2015) or any amendment thereof, or regulations, notices, or other guidance issued thereunder. Each Member hereby approves of such designation and agrees to execute, certify, acknowledge, deliver, swear to, file and record at the appropriate public offices such documents as may be deemed necessary or appropriate to evidence such approval. Except to the extent set forth in this Section 5.01(b), the Partnership Representative is authorized to represent the Company and each Member in connection with all examinations of the Company's affairs by tax authorities, including resulting administrative and judicial proceedings and to expend the Company's funds for professional services and costs connected therewith. Except to the extent set forth in this Section 5.01(b), in connection with any examination of the

Company by any tax authorities, the Partnership Representative shall retain on behalf of the Company an independent public accounting firm or legal counsel to represent the interests of the Company. The Partnership Representative shall provide each Manager with prompt notice of the initiation of any tax examination or proceeding and shall further provide each Manager with prompt, reasonable and continuous opportunity to review and provide comment with respect to the subject matter of each such examination or proceeding. Each Member agrees to cooperate with the Partnership Representative and to do or refrain from doing any and all things reasonably required by the Partnership Representative to conduct such proceedings, provided that no Member shall be obligated to file any amended tax or information return. The Partnership Representative shall be entitled to act on behalf of the Members or the Company in connection with any tax audit or examination or judicial review or proceeding to the extent permitted by applicable law and regulations and in the event of any administrative or judicial proceeding involving the tax treatment of any item; provided, however, any material elections under the IRC Regulations or the settlement of any material tax audit or examination shall require the approval of each Member.

(i) Notwithstanding anything to the contrary in this Agreement, the Partnership Representative will not, without the consent of each Member: agree to extend any statute of limitations; file a request for administrative adjustment; file a petition for judicial review, or any appeal with respect to any judicial determination; take any action to consent to, or to refuse to consent to, a settlement reflected in a decision of a court; or enter into any tax settlement agreement or any compromise in any tax proceeding (or similar agreements or arrangements) affecting the Company or any Member.

(ii) If any "partnership adjustment" (as defined in IRC §6241(2)) is proposed with respect to the Company and the Partnership Representative has not caused the Company to make the election under IRC §6226, then (i) the Partnership Representative shall use reasonable best efforts to make any modifications available under IRC §6225(c)(3), (4) and (5) through the mechanism described in IRC §6225(c)(2)(B); and (ii) any "imputed underpayment" (as determined in accordance with IRC §6225) or partnership adjustment that does not give rise to an imputed underpayment shall be apportioned among the Members of the Company for the taxable year in which the adjustment is finalized in such manner as may be necessary (as determined by the Partnership Representative in good faith) so that, to the maximum extent possible, the tax and economic consequences of the partnership adjustment and any associated interest and penalties are borne by the Members based upon their interests in the Company for the reviewed year, taking into account the status for tax purposes of each Member for the reviewed year and any modifications under IRC §6225(c)(3), (4) and (5).

(iii) In the event that the Company becomes liable for any taxes, interest or penalties under Section 6225 of the Code, (A) each Person that was a Member of the Company for the taxable year to which such liability relates shall indemnify, defend and hold harmless the Company for such Person's allocable share of the amount of such tax liability, including any interest and penalties associated therewith, as determined by the Partnership Representative pursuant to Section 5.01(b)(i), (B) the Board of Managers may cause the Members (including any former Member) to whom such liability relates to pay, and each such Member hereby agrees to pay, such amount to the Company, and such amount shall not be treated as a Capital Contribution, and (C) without reduction to a Member's (or former Member's) obligations under this Section 5.01(b), any amount paid by the Company that is attributable to a Member (or former Member),

and that is not paid by such Member pursuant to clause (B) above, shall be treated for purposes of this Agreement as a Distribution to such Member (or former Member) under Section 5.03 and Section 8.02, and a reduction to such Member's Capital Account balance.

Section 5.02 General Allocation Rules. During any period when the Company is classified as a partnership for federal income tax purposes:

(a) Items of income, gain, loss, deduction or credit shall be allocated among the Partners for each taxable period in accordance with the economic arrangement contemplated hereby and IRC §704 and IRC Regulations thereunder. To the extent the allocation provision of the preceding sentence would not comply with IRC Regulations promulgated under IRC §704(b), there is hereby included in this Agreement such special allocation provisions as may be necessary to provide herein a so-called "qualified income offset" to limit the allocation of losses to a Partner to those that would be respected for U.S. federal income tax purposes, and to ensure that this Agreement complies with all other provisions, including "minimum gain" provisions, relating to the allocation of so-called "nonrecourse deductions" and "partner nonrecourse deductions" and the charge back thereof as are required to comply with the IRC Regulations under IRC §704.

(b) The income, gains, losses, deductions and credits of the Partnership will be allocated among the Partners for U.S. federal, state, and local income tax purposes in a manner consistent with the allocations made pursuant to the preceding sentences, to the extent permitted by the IRC and IRC Regulations thereunder.

(c) For federal and state income tax purposes, all allocations described in Section 5.02(a) shall be made as of the end of each Fiscal Year.

(d) The Board of Managers may modify the allocations in this Section 5.02 as appropriate to reflect the economic interests of the Members consistent with federal income tax law. The provisions of this Section 5.02 are intended to comply with the IRC Regulations under IRC §704(b) and will be interpreted and applied in a manner consistent with such IRC Regulations.

(e) Notwithstanding the foregoing, Kaiser shall not be allocated any profits (or surplus) or losses of the Company prior to the SMMC Hospital Commencement of Operations Date. Following the SMMC Hospital Commencement of Operations Date, each Member will be allocated profits, surplus, losses and credits in proportion to their respective Percentage Interests in the Company.

Section 5.03 Earnings; Distributions to Members.

(a) Earnings

(i) Prior to SMMC Hospital Commencement of Operations Date. Notwithstanding anything in this Agreement that may be construed to the contrary, prior to the SMMC Hospital Commencement of Operations Date, SMMC shall have the right to record all net income of the Company ("Earnings"), and Kaiser shall not have the right to record any Earnings of the Company during such period. The Members agree that SMMC's right to record all Earnings of the Company prior to the SMMC Hospital Commencement of Operations Date shall not result in a change to the Members' respective Percentage Interests.

(ii) Earnings as of SMMC Hospital Commencement of Operations Date. Beginning on and continuing after the SMMC Hospital Commencement of Operations Date, the Members shall record for Earnings of the Company in proportion to each Member's respective Percentage Interests.

(b) Distributions.

(i) Distributions Prior to SMMC Hospital Commencement of Operations Date. Notwithstanding anything in this Agreement that may be construed to the contrary, prior to the SMMC Hospital Commencement of Operations Date, SMMC shall have the right to receive all cash distributions of the Company, and Kaiser shall not have the right to receive any cash distributions of the Company during such period. The timing and amount of the cash distributions made by the Company to SMMC (which amount may equal SMMC's recorded earnings for its investment in the Company) during the period prior to the SMMC Hospital Commencement of Operations Date shall be determined by Board Approval. Any cash distribution made by the Company to SMMC prior to the SMMC Hospital Commencement of Operations Date shall not result in an adjustment to Kaiser's or SMMC's Percentage Interest.

(ii) Excess Cash Distributions as of SMMC Hospital Commencement of Operations Date. Beginning on and continuing after the SMMC Hospital Commencement of Operations Date, unless the Board of Managers determines otherwise by Supermajority Board Approval, the Company shall distribute, within sixty (60) days after the end of a Fiscal Quarter, all Excess Cash from such Fiscal Quarter to the Members pro rata in proportion to their respective Percentage Interests (each an "Excess Cash Distribution"). Notwithstanding the foregoing, beginning on and continuing after the SMMC Hospital Commencement of Operations Date, the Company shall only distribute an Excess Cash Distribution to the Members if and after: (i) all then current operating expenses of the Company have been paid in accordance with the Company's accounts payable age target set by the Board of Managers, (ii) all then current interest payments and then current principal payments on any indebtedness of the Company have been paid, (iii) all then current capital expenditures of the Company set forth in the approved Capital Budget have been paid, (iv) the Company has established appropriate reserves for future needs and contingent and other liabilities and obligations of the Company in accordance with the annual Capital Budget, and (v) following the Excess Cash Distribution, the Company will continue to have Forty-Five Days Cash, and the Board of Managers determines that making an Excess Cash Distribution will not result in the need for a Capital Contribution for Cash Purposes by the Members to the Company within six (6) months after the Excess Cash Distribution.

(c) Notwithstanding anything in this Section 5.03 or any other provision of this Agreement that may be construed to the contrary, the Company shall not make any distributions of the Company's assets to a Member that ceases to be an organization described in California Revenue and Taxation Code §214 or IRC §501(c)(3).

Section 5.04 Required Withholding. The Company is authorized to withhold from distributions to a Member and to pay over to a federal, state, local or foreign government any amounts required to be withheld pursuant to the IRC or any provision of any other federal, state, local or foreign Law. All amounts withheld pursuant to this Section 5.04 shall be treated as amounts distributed to such Member for all purposes of this Agreement. Notwithstanding anything

to the contrary in this Agreement, each Member represents to the Company that it is a tax-exempt entity under United States federal, state and local laws, and is generally not subject to, and is unlikely to be subject to, any income tax or other tax withholding requirements of the United States federal, state or local laws (other than with respect to "unrelated business taxable income" within the meaning of IRC §512). Based on the foregoing, the Company agrees that, before the Company or any of its Affiliates withholds or pays over to any United States taxing authority any amount purportedly representing a tax liability of either Member, the Company or such Affiliate will provide the relevant Member with written notice of the claim of any U.S. taxing authority that such withholding and payment is required by law and will provide such Member with the opportunity to contest such claim during any period; provided, that such contest does not subject the Company or such Affiliate to any potential liability to such taxing authority for any such claimed withholding and/or payment.

Section 5.05 Accounting.

(a) The books of account of the Company shall be kept and maintained at all times at the principal office of the Company. Such books of account shall be maintained on an accrual basis in accordance with GAAP, consistently applied, and shall show all items of income and expense.

(b) The Company shall cause to be prepared and furnished to each Member: (i) within forty-five (45) days after the close of each of the first three (3) Fiscal Quarters of each Fiscal Year, (A) an unaudited income statement reflecting the operations of the Company for such Fiscal Quarter, (B) an unaudited balance sheet of the Company as of the end of such Fiscal Quarter, and (C) an unaudited cash flow statement of the Company as of the end of such Fiscal Quarter, (ii) within forty-five (45) days after the close of each Fiscal Year, (A) an unaudited income statement reflecting the operations of the Company for such Fiscal Year, (B) an unaudited balance sheet of the Company as of the end of such Fiscal Year, and (C) an unaudited cash flow statement of the Company as of the end of such Fiscal Year, (iii) within one hundred fifty (150) days after the close of each Fiscal Year, an audited balance sheet, income statement and cash flow statement of the Company as of the end of such Fiscal Year, prepared by a third party auditing or accounting firm at the Company's expense and in accordance with GAAP, and (iv) all other information reasonably requested by a Member. The Company shall cause to be prepared all tax returns and statements, if any, which must be filed on behalf of the Company and shall, within one hundred fifty (150) days after the close of each Fiscal Year, supply to the Members all information reasonably necessary for the preparation of the Members' respective federal income tax returns.

(c) Each Member shall have the right, upon at least three (3) Business Days prior notice and during normal business hours, to audit, examine and make copies of or extracts from the books of account of the Company at the principal office of the Company. Such inspection right may be exercised through any agent or employee of such Member designated by it or by an independent certified public accountant. Each Member shall bear all expenses incurred in any examination made by or for such Member.

Section 5.06 Bank Accounts. Funds of the Company shall be deposited in an account or accounts established by the Company with banking institutions designated by the approval of the Members.

Section 5.07 Accounting for Philanthropy.

(a) Fundraising Initiatives. The Members agree that any funds raised as a result of the Company's, SMMC's, Providence's or any of their Affiliate's fundraising initiatives for the Hospitals ("SMMC Hospital Fundraising Initiatives") shall be used in accordance with any donor restrictions. Funds that are not subject to donor restrictions shall be used for initiatives undertaken by Hospitals in or for the benefit of its service area.

(b) Fundraising Credits Towards Construction Capital Contributions. The Members agree that SMMC shall receive a Fundraising Credit equal to the donation amount of any donation received on or after the Effective Date, as a result of any SMMC Hospital Fundraising Initiative for the construction of the New SMMC Hospital. For purposes of this Agreement, "Fundraising Credit" shall mean a credit towards Construction Capital Contributions owed by SMMC such that Construction Capital Contributions owed by SMMC shall be offset by the amount of the corresponding donation.

ARTICLE VI
TRANSFERS

Section 6.01 Restrictions on Sale, Transfer and Encumbrance.

(a) No Transfer of a Company Membership Interest by a Member may be effected without the prior written approval of the other Member in its sole and absolute discretion except for (i) a Permitted Transfer (which Permitted Transfer shall not be effective unless and until the Transferee of a Company Membership Interest executes and delivers to the Company a Joinder Agreement) or (ii) a Transfer pursuant to the exercise of a Member's rights or performance of a Member's obligations under Article VII pursuant to an Unwind Event under the Affiliation Agreement. In every event the Transferee of a Company Membership Interest shall be an organization that is exempt under IRC §501(c)(3) and under California Revenue and Taxation Code §23701d, that qualifies for exemption under California Revenue and Taxation Code §214 and that is able to comply with the terms and conditions set forth in this Agreement.

(b) Any attempt in contravention of this Agreement to make any Transfer with respect to a Company Membership Interest shall be null and void and of no force and effect, the Transferee in such purported Transfer shall have no rights or privileges in or with respect to the Company and the Company shall not give effect in the Company's records to any such purported Transfer. The Member engaging or attempting to engage in such purported Transfer shall indemnify and hold harmless the Company and each of the other Members from all claims, suits, judgments, losses, damages, fines and costs (including reasonable legal fees and expenses) that such other Members may incur (including, without limitation, incremental Tax liability) in enforcing this Section 6.01.

Section 6.02 Securities Law Transfer Restrictions. Each Member acknowledges that the Units have not been registered under the Securities Act or applicable state securities laws in reliance on applicable exemptions. Prior to any Transfer of Units in the Company not registered under an effective registration statement under the Securities Act, a transferring Member shall give written notice to the Board of Managers of such Member's intention to effect such Transfer and to

comply in all other respects with this Article VI. As an additional condition to such Transfer, the Board of Managers may require an opinion of such transferring Member's counsel satisfactory to the Board of Managers that such Transfer will be made in compliance with the Securities Act and applicable state securities laws. Upon acceptance by the Board of Managers of such notice and opinion and such other documents as may be reasonably requested by the Board of Managers, such Member shall thereupon be entitled to make or solicit the Transfer of such Units in accordance with the terms of such notice delivered to the Board of Managers and otherwise in accordance with, and subject to the conditions contained in, this Agreement.

Section 6.03 Joinder Agreement; Transfer Instrument. No Person shall become a Member or owner of any Units through a Transfer from another Member until the Company shall have received a Joinder Agreement signed by such Person, and no Transfer of Units shall be effective for any purpose unless and until a Units Transfer Instrument in form reasonably satisfactory to the non-Transferring Member and executed by such Transferring Member (the "Transfer Instrument") is delivered evidencing the Transfer of such Units. From and after such receipt of a Joinder Agreement from such Person and the delivery of the Transfer Instrument evidencing the Transfer of such Units, such Person shall be entitled to the rights and privileges of a Member set forth in this Agreement and shall be bound and obligated by the provisions of this Agreement, effective as of the first day of the month following the Transfer unless approved otherwise by the Board of Managers.

Section 6.04 Effect of Transfer. A Person shall cease to be a Member, and shall not be entitled to exercise any rights or powers of a Member, upon a Transfer of all of such Person's Units. The Board of Managers shall amend Exhibit A attached hereto to reflect the ownership of Units among Members immediately after any Transfer.

ARTICLE VII
MEMBER PURCHASE AND SALE RIGHTS

Section 7.01 Notwithstanding any provisions in this Article VII to the contrary, any purchase or sale described or otherwise contemplated by this Article VII in the case of an Unwind Event shall be subject to all required approvals of any Governmental Authority. The Parties shall have the purchase and sale rights with respect to Company Membership Interests owned by them as set forth in the Affiliation Agreement in the case of an Unwind Event. The closing ("Unwind Closing") of the purchase or sale of a Company Membership Interest pursuant to this Article VII shall be consummated within the time-periods specified in the Affiliation Agreement unless, in each case, such purchase or sale is delayed in order to obtain necessary approvals from Governmental Authorities, in which case such time period shall be automatically extended by the minimum time necessary to obtain such necessary approvals. The purchase price for a Member's Company Membership Interest will be payable by the purchasing Member at the Unwind Closing in cash or immediately available funds. At any Unwind Closing under this Article VII, the selling Member shall execute and deliver such written documents and Transfer Instrument as the purchasing Member may reasonably request.

Section 7.02 Cooperation.

(a) Each Member shall use its commercially reasonable efforts to obtain all approvals and consents from Governmental Authorities and other third parties necessary for the consummation of any of the transactions contemplated by this Article VII.

(b) In conjunction with the purchase and sale of a Company Membership Interest pursuant to this Article VII, each Member shall, and each Member shall cause its Affiliates to, take all actions reasonably necessary to assign or transfer existing agreements, or negotiate in good faith to enter into new agreements materially consistent with existing arrangements, in order to retain the structure of the Company and allow the Company to continue to provide quality health care services on a substantially similar basis prior to such purchase and sale with minimal disruption to services.

ARTICLE VIII
DISSOLUTION AND LIQUIDATION

Section 8.01 Dissolution. The Company shall be dissolved solely upon the occurrence of any one of the following events (each a "Dissolution Event"); provided, however, no dissolution of the Company shall affect the right of any Member to recover damages or collect indemnification for any breach of the covenants herein that occurred prior to such dissolution:

(a) the approval of the Members to dissolve pursuant to Section 3.02(a);

(b) if it is determined pursuant to a permanent, non-appealable Court Order that the Company is excluded from participation in any Government Health Care Program; or

(c) the entry of a decree of judicial dissolution pursuant to the Act.

Section 8.02 Dissolution Procedure.

(a) Winding Up, Liquidation and Distribution of Assets. Upon dissolution of the Company, a representative designated by the Board of Managers (the "Liquidator") shall immediately proceed to wind up the affairs of the Company. The Liquidator shall have full power and authority to sell, assign and encumber any or all of the Company's assets and to wind up and liquidate the affairs of the Company in an orderly and businesslike manner and on such terms and conditions as it deems necessary or advisable. Upon liquidation of the Company, the assets of the Company shall be applied in the following manner and order of priority:

(i) First, to the payment and discharge of all debts and liabilities of the Company to creditors in the order of priority as provided by Law and of the costs and expenses of liquidation;

(ii) Second, to the extent of remaining assets, to establish such reserves as the Liquidator deems reasonably necessary or advisable, or as required by the Act, to provide for the contingent liabilities of the Company in connection with the liquidation of the Company;

(iii) Third, to the extent of remaining assets, to the payment and discharge of all debts and liabilities of the Company to the Members who may be creditors in the order of priority as provided by Law; and

(iv) Fourth, to the Members in proportion to their respective Percentage Interests, so long as the Member is an organization organized and operated exclusively for charitable, scientific, hospital, or religious purposes, as specified in California Revenue and Taxation Code §214 and which has established its tax-exempt status under IRC §501(c)(3) and California Revenue and Taxation Code §23701d; and, if a Member is not so described, such Member's portion of the remaining assets shall be distributed to an organization that is organized and operated exclusively for charitable, scientific, hospital, or religious purposes, as specified in California Revenue and Taxation Code §214 and that has established its tax-exempt status under IRC §501(c)(3) and California Revenue and Taxation Code §23701d.

(b) Complete Distribution. The distribution of cash or assets to a Member in accordance with the provisions of this Section 8.02 shall constitute a complete return to the Member of its Capital Contributions and a complete distribution to the Member of its interest in the Company and the Company's assets.

(c) Deficit Balance in Capital Account. No Member shall have any obligation to make any Capital Contribution for the purposes of eliminating or diminishing any negative Capital Account balance and such negative Capital Account balance shall not be considered a debt owed by such Member to the Company or to any other Person for any purpose whatsoever.

(d) Dissolution Documents. Upon completion of the winding up, liquidation and distribution of the assets as described in Section 8.02(a), the Company shall be deemed terminated. The Liquidator shall execute and file, in a timely manner, any documents in the State of California and any other jurisdiction which may be required in connection with the dissolution of the Company.

Section 8.03 Return of Contribution. Except as provided by the Act or other Law or as specifically set forth in this Agreement, no Member shall have a right to return of its Capital Contribution.

ARTICLE IX
COVENANTS OF THE MEMBERS AND CONFIDENTIALITY

Section 9.01 Conflict of Interest Policy and Related-Party Transactions.

(a) The Company shall adopt and operate pursuant to a conflict of interest policy (the "Conflict of Interest Policy") that is consistent with and supports each Member's respective tax-exempt status under IRC §501(c)(3).

(b) Except as otherwise expressly provided in this Agreement or in the Conflict of Interest Policy, all Managers appointed by a Member who is (or whose Affiliate is) a party to an actual or potential Related-Party Transaction, and any Member who is (or whose Affiliate is) a party to an actual or potential Related-Party Transaction, may participate in any required votes, approvals, or decisions of the Board of Managers or the Members, as applicable, pertaining to such Related-Party Transaction.

Section 9.02 Confidentiality. The Members acknowledge that each Member has received and will receive Confidential Information of the Company and other Members in

connection with this Agreement and related documents. Each Member shall protect the Confidential Information to the same extent it protects its own confidential and proprietary information. A Member may disclose Confidential Information to its key employees, members, investors, Affiliates and legal counsel, accountants and other advisors to the extent it reasonably deems necessary and such Member receives an agreement from such party to be bound by this provision or such party is otherwise bound by a confidentiality obligation to such Member. Notwithstanding the other provisions of this Section 9.02, a Member may disclose Confidential Information if and to the extent, in its judgment upon advice of counsel, disclosure by such Member is required by applicable Law or contractual covenants regarding any tax-exempt bonds or other financing requirements; provided, however, such Member shall use commercially reasonable efforts consistent with such applicable requirements to consult with the other Member regarding the text thereof. No Member shall be deemed to have breached this Section 9.02 in the event it is required to disclose any Confidential Information by Law or judicial order; provided, however, in any such event, the disclosing Member shall (i) first notify the other Member of such proposed disclosure and (ii) discloses only that information which is required by such Law or judicial order.

Section 9.03 Intellectual Property. Except as set forth in the Definitive Documents, neither the Company nor any Member shall use the name, logo, trademark, trade name or other intellectual property of any other Member or the Company without the prior written consent of such other Member or the Company, as applicable. The Parties acknowledge and agree that: (i) the Company and Kaiser Foundation Health Plan, Inc., an Affiliate of Kaiser ("KFHP") are parties to that certain license agreement dated of even date herewith pursuant to which the Company licenses the name, logo and other intellectual property owned by KFHP in connection with the business and operations of the Company and the SMMC Hospital (the "Kaiser License Agreement"), and (ii) the Company and Providence are parties to that certain license agreement dated of even date herewith pursuant to which the Company licenses the name, logo and other intellectual property owned by Providence in connection with the business and operations of the Company and the SMMC Hospital (the "SMMC License Agreement"). The Parties further acknowledge that the Kaiser License Agreement and the SMMC License Agreement contain branding, co-branding, marketing and co-marketing guidelines pertaining to the Company, the New SMMC Hospital and other matters of the affiliation contemplated under the Affiliation Agreement (the "Branding and Marketing Guidelines"). The Parties agree that the New SMMC Hospital shall be branded and contain signage, in a form to mutually agreed upon by the Parties, which shall include both the SMMC trademarks and KFHP trademarks and refer in an appropriate manner to the affiliation between the Parties.

Section 9.04 Compliance with Laws. If either SMMC or Kaiser determines, in good faith after consulting and confirming with its nationally recognized healthcare counsel, that it is more likely than not that this Agreement or any material provision of this Agreement violates applicable Law due to changes in applicable Law after the Effective Date, regulation, judicial decision or interpretation poses a substantial or material risk to any of the Members of noncompliance with applicable Law (but, in each case, excluding Laws related to tax-exemption, which are addressed in Section 2.08), it shall provide written notice thereof to the other Member. The Members agree to negotiate in good faith to amend this Agreement and/or to reform and restructure the Company's business to satisfy such Law, regulation, judicial decision or interpretation on mutually agreeable terms.

Section 9.05 Co-Branding of SMMC Hospital. Consistent with the terms of the Kaiser License Agreement and the SMMC License Agreement, including the Branding and Marketing Guidelines, as soon as reasonably practicable after the Effective Date, the Company shall develop a branding program (the "Branding Program") for SMMC Hospital that includes the use of both the SMMC and Kaiser names and logos, which branding program shall be approved by Supermajority Board Approval and be consistent with the Catholic Identity Standards.

Section 9.06 California Attorney General Conditions Involving SMMC Hospital. The Company and the Members acknowledge and agree that the Company shall comply with all conditions (the "Conditions") pertaining to SMMC Hospital set forth in the California Attorney General's letter of conditional consent dated June 21, 2016 (as such Conditions may be amended from time to time) (the "AG Letter") regarding the transaction between Providence Health & Services and St. Joseph Health System. In furtherance of the foregoing, neither this Agreement nor any of the terms set forth herein shall in any way affect SMMC Hospital's ongoing compliance with the Conditions.

Section 9.07 SMMC Hospital Employees. The Company and the Members acknowledge and agree that neither this Agreement nor any of the terms set forth herein shall cause a change to the employer of any individual that is employed by SMMC or any of its Affiliates who provides services on behalf of the SMMC Business, and the Company and the Members intend to retain substantially all employees who are currently employed at SMMC Hospital.

Section 9.08 Other Remedies. Nothing herein shall limit the availability of injunctive relief to prevent or enjoin any breach of this Article IX or any Member's liability for monetary damages resulting from any breach by such Member or its Affiliates of its obligations under this Article IX.

Section 9.09 SMMC Hospital Shutdown and Decommission. As of the SMMC Hospital Commencement of Operations Date, SMMC shall cause the SMMC Hospital to cease providing all licensed acute care inpatient and outpatient hospital services, but may continue to provide other services during a transitional period after the SMMC Hospital Commencement of Operations Date. SMMC solely (not the Company and/or Kaiser) shall bear all costs necessary to decommission the SMMC Hospital in accordance with all applicable Laws and in a manner that includes routine and orderly maintenance of the SMMC Hospital property. Nothing in this Section 9.09 shall be construed to limit or prohibit either Party's ability to provide any services other than licensed acute care hospital services (*e.g.*, ambulatory services) at the SMMC Hospital or other location after the SMMC Hospital Commencement of Operations Date.

Section 9.10 Enforceability of Covenants. If any provision of this Article IX is declared unenforceable in any judicial proceeding due to an unreasonable duration or covering too large a geographic area, then such provision shall still be enforceable for such maximum period of time and within such geographic area as will make such provision enforceable.

ARTICLE X
MEDICAL STAFF AND QUALITY ASSURANCE

Section 10.01 Medical Staff.

(a) Medical Staff. SMMC Hospital shall have a medical staff (the "Medical Staff") consisting of those duly licensed health care providers who have been duly appointed to the Medical Staff in accordance with the provisions of applicable state law, accreditation standards and the Medical Staff Bylaws.

(b) Qualifications. The Board of Managers shall have final authority over appointments and reappointments of Medical Staff members, over the granting of and delineation of clinical and practice privileges, and over the revocation or other curtailment of Medical Staff membership and/or clinical or practice privileges. The Board of Managers shall ratify all such decisions made by the Quality Committee. The Medical Staff shall evaluate the professional competence and qualifications of applicants for appointment or reappointment and for the granting of clinical privileges, and shall make recommendations to the Board of Managers concerning the suitability of all such applicants. The Medical Staff shall also evaluate all cases where revocation, curtailment, suspension or other limitation of Medical Staff membership or privileges is being considered and shall recommend action to the Board of Managers relating to such matter. The Board of Managers shall only take action on appointments, reappointments, revocations or curtailment of Medical Staff membership and/or privileges after receiving and considering the recommendation of the Medical Staff, except in those cases where such recommendation is being unreasonably delayed or where quality of patient care concerns warrant other immediate action.

(c) Medical Staff Bylaws. Subject to approval by the Board of Managers, the Medical Staff is responsible for the development, adoption and periodic review and revision of the Medical Staff bylaws, rules and regulations that are consistent with accreditation standards and applicable federal and state laws and regulations and the Catholic Identity Standards (collectively, the "Medical Staff Bylaws"), which Medical Staff Bylaws shall govern the Medical Staff and its various departments, divisions and committees. The Medical Staff Bylaws shall define the organization of the Medical Staff and establish procedures for evaluations and recommendations concerning appointments, reappointments, revocation or curtailment of Medical Staff membership or privileges, procedures for formal and effective Medical Staff participation and such other matters as the Medical Staff deem appropriate for inclusion in the Medical Staff Bylaws. The Medical Staff Bylaws and any amendment thereto are subject to the approval of the Board of Managers.

(d) Delegation of Responsibility. All patients in SMMC Hospital must be under the care of a physician, and the Board of Managers delegates to the active Medical Staff the responsibility for assuring that patients receive appropriate professional care from such physicians, which responsibility shall be exercised pursuant to the Medical Staff Bylaws.

Section 10.02 Quality Assurance. The Board of Managers shall oversee all SMMC Hospital quality-related matters, and shall be responsible for the development and implementation of an effective, integrated ongoing quality assessment/performance improvement and patient safety program for SMMC Hospital. The Board of Managers shall utilize the Quality Committee as described in Section 3.01(d)(iv) to assist with such oversight, development and implementation of SMMC Hospital quality-related matters and programs.

ARTICLE XI
DISPUTE RESOLUTION

Section 11.01 Dispute Resolution. The dispute resolution procedures specified in Article IX of the Affiliation Agreement are hereby incorporated by reference as though fully set forth herein and shall govern all disputes, claims or controversies between the parties hereto that arise under this Agreement. Notwithstanding anything that may be construed to the contrary in this Agreement, each Party shall expeditiously and vigorously enforce all of its rights in the Company and will pursue all legal and equitable remedies to protect its interests in the Company.

ARTICLE XII
GENERAL

Section 12.01 Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given when delivered in person, when delivered by fax or other electronic means or by a nationally recognized overnight courier, or if mailed, five (5) days after being deposited in the United States mail, certified or registered mail, first-class postage prepaid, return receipt requested, to the Members at the following addresses or facsimile numbers:

If to SMMC:	Providence Health System – Southern California 3345 Michelson Drive, Suite 100 Irvine, California 92612 Attn: Executive Vice President and Chief Executive
With copy to:	Providence Health System – Southern California 1801 Lind Avenue, S.W. Renton, Washington 98057 Attn: Chief Legal Officer and McDermott Will & Emery 2049 Century Park East 32nd Floor Los Angeles, CA 90067 Attn: James F. Owens, Esq.
If to Kaiser:	Kaiser Foundation Hospitals & Health Plan 393 East Walnut Street Pasadena, CA 91188 Attn: Southern California Regional President
With copy to:	Kaiser Foundation Hospitals & Health Plan

393 East Walnut Street
Pasadena, CA 91188
Attn: Vice President and Assistant
General Counsel

and

BakerHostetler
200 Civic Center Dr. #1200
Columbus, Ohio 43215
Attn: Frank C. Miller, Esq.

Any Member from time to time may change its address for the purpose of receipt of notices to such Member by giving a similar notice specifying a new address to the other Members listed above in accordance with the provisions of this Section 12.01.

Section 12.02 Insurance. The Company shall carry and maintain in force insurance coverage for the activities of the Company, the SMMC Business, and the Members, officers, managers, employees and agents of the Company, as determined by the Board of Managers from time to time.

Section 12.03 Public Disclosure. Neither Member shall release, publish, or otherwise make available to the public in any manner whatsoever any information or announcement regarding this Agreement or the terms hereof without the prior written consent of the other Member, except for information and filings reasonably necessary to be directed to governmental agencies or as required by applicable Law.

Section 12.04 Expenses. Except as otherwise provided in this Agreement, each Member will pay its own costs and expenses incurred in connection with the negotiation, execution and performance of this Agreement and the transactions contemplated hereby.

Section 12.05 Binding Effect; Assignment. This Agreement shall be binding upon and inure to the benefit of the respective successors and permitted assigns of the Members. No Member may assign this Agreement without the prior written consent of the other Member; provided, however, that either Member may assign or transfer, in whole or in part, this Agreement or any of its rights, duties, or obligations under this Agreement: (i) to an Affiliate of such Member in connection with a Permitted Transfer. Any attempted assignment in contravention of this Section 12.05 shall be void.

Section 12.06 No Waiver. The failure of any Member to enforce any of the provisions of this Agreement shall in no way be construed as a waiver of such provisions and will not affect the right of such Member thereafter to enforce each and every provision of this Agreement in accordance with its terms. Furthermore, the waiver by any Member 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 any other provision hereof.

Section 12.07 Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed to be an original but all of which shall constitute one and the same instrument.

Section 12.08 Headings. The headings of the various sections of this Agreement have been inserted for convenience of reference only and shall not be deemed to be a part of this Agreement.

Section 12.09 Severability. If any provision of this Agreement shall be determined to be illegal or unenforceable, the remaining provisions of this Agreement shall remain in full force and effect and this Agreement shall be construed as if the illegal or unenforceable provision were not a part hereof so long as the remaining provisions of this Agreement shall be sufficient to carry out the overall intent of the Members as expressed herein.

Section 12.10 No Third-Party Beneficiary. Nothing set forth in this Agreement shall be construed to confer any benefit under this Agreement to any Person that is not a Member. The Members acknowledge and agree that Kaiser is an express third party beneficiary of the Contribution Agreement and the Management Agreement pursuant to the terms thereof and has the exclusive right to enforce all rights of the Company set forth in the Contribution Agreement, Existing Hospital Lease, SMMC License Agreement and the Management Agreement.

Section 12.11 Governing Law. This Agreement shall be governed by, and construed in accordance with, the Laws of the State of California, without regard to its principles of conflict of laws.

Section 12.12 Amendments. Except as otherwise specifically provided for herein, including, without limitation, amendments to Exhibit A for Capital Contributions and distributions in accordance with Article IV, the admission of Permitted Transferees and other Transferees in accordance with Article VI, any amendment of this Agreement or the Articles of Organization of the Company must be in writing and approved by each Member. Notwithstanding the foregoing, any amendments to this Agreement or the Articles of Organization of the Company must be consistent with the requirements to qualify for exemption under California Revenue and Taxation Code §214, 18 California Code of Regulations §136, and IRC §501(c)(3), as amended from time to time.

[REMAINDER OF PAGE IS BLANK]

IN WITNESS WHEREOF, the undersigned Members have executed this Operating Agreement of St. Mary Medical Center, LLC as of the Effective Date.

MEMBERS:

ST. MARY MEDICAL CENTER, a California nonprofit public benefit corporation

By: Covenant Health Network, its Member

By:_____
Name: Erik G. Wexler
Title: President

KAISER FOUNDATION HOSPITALS, a California nonprofit public benefit corporation

By: _____
Name: Julie K. Miller-Phipps
Title: Southern California Regional President

EXHIBIT A

MEMBERS AND UNITS

(as of the Effective Date)

Member Name	Initial Capital Contribution	Units	Percentage Interest
St. Mary Medical Center	$42,000,000	70	70%
Kaiser Foundation Hospitals	$18,000,000	30	30%
Total	$60,000,000	100	100%

EXHIBIT B

INITIAL MEMBERS OF THE BOARD OF MANAGERS

SMMC MANAGERS:

1. Kevin Manemann
2. Prub Khurana
3. Prash Kumar, M.D.
4. Judith Dugan
5. Ziad El Hajjaoui, M.D.
6. Jovy Yankaskas
7. Randall Lewis

KAISER MANAGERS:

8. Alfonse Upshaw
9. Lesley Wille
10. Georgiana Garcia

EXHIBIT C

FORM OF JOINDER AGREEMENT

Reference is made to the Operating Agreement of St. Mary Medical Center, LLC, dated as of [_____ ___, 2021] between the Members party thereto, as amended, a copy of which is attached hereto (the "Operating Agreement"). Capitalized terms used but not defined herein shall be used herein as defined in the Operating Agreement.

The undersigned, _____, in order to become the owner of _____ Units (the "Acquired Units") of St. Mary Medical Center, LLC, a California limited liability company (the "Company"), hereby agrees that by the undersigned's execution hereof (a) the undersigned is a Member party to the Operating Agreement subject to all of the restrictions, conditions and obligations applicable to Members set forth in the Operating Agreement and (b) all of the Acquired Units (and any and all Units of the Company issued in respect thereof) are and will remain subject to all of the rights, restrictions, conditions and obligations applicable to such Units as set forth in the Operating Agreement. This Joinder Agreement shall take effect and shall become a part of the Operating Agreement immediately upon execution hereof.

Executed as of the date set forth below under the laws of the State of California.

By: _____
Name:
Title:

Address:

Date:

EXHIBIT D

SIGNING AUTHORITY

Erik Wexler

EXHIBIT E

PLAN OF FINANCE FOR CONSTRUCTION*

	Quarterly Projection	Cumulative Spend
Q2 2021	$ 5,927,913	$ 5,927,913
Q3 2021	$ 7,059,810	$ 12,987,723
Q4 2021	$ 8,316,191	$ 21,303,914
Q1 2022	$ 9,669,521	$ 30,973,434
Q2 2022	$ 20,279,631	$ 51,253,065
Q3 2022	$ 27,646,074	$ 78,899,140
Q4 2022	$ 29,459,848	$ 108,358,987
Q1 2023	$ 31,027,256	$ 139,386,243
Q2 2023	$ 37,751,161	$ 177,137,404
Q3 2023	$ 39,319,365	$ 216,456,769
Q4 2023	$ 45,624,218	$ 262,080,987
Q1 2024	$ 46,621,336	$ 308,702,322
Q2 2024	$ 47,652,042	$ 356,354,364
Q3 2024	$ 48,077,542	$ 404,431,906
Q4 2024	$ 47,875,538	$ 452,307,444
Q1 2025	$ 54,232,022	$ 506,539,467
Q2 2025	$ 65,531,256	$ 572,070,722
Q3 2025	$ 58,935,415	$ 631,006,137
Q4 2025	$ 57,159,365	$ 688,165,502
Q1 2026	$ 54,893,364	$ 743,058,865
Q2 2026	$ 54,240,239	$ 797,299,104
Q3 2026	$ 52,054,023	$ 849,353,127
Q4 2026	$ 32,852,604	$ 882,205,731
Q1 2027	$ 30,934,175	$ 913,139,906
Q2 2027	$ 28,976,760	$ 942,116,666
Q3 2027	$ 20,532,008	$ 962,648,675
2028	$ 9,969,642	$ 972,618,317

As set forth in Section 4.02(b)(i) of this Agreement, the Members acknowledge agree that the above Construction Plan of Finance is an estimate of the costs (and timing associated with such costs) for the construction of the New SMMC Hospital.

EXHIBIT F

QUALITY COMMITTEE

The Quality Committee shall have the following responsibilities with respect to the Hospitals (*i.e.*, both the SMMC Hospital and the New SMMC Hospital):

Dimension of Quality Program	Quality Committee Reports, Actions and Approvals
Regulatory	• Regulatory risk (report by exception) for State, Federal and Accreditation • Program certification/accreditation: preparation, performance results and compliance • All unannounced regulatory visits and inquiries: results and compliance • SMMC Hospital (CMS) QAPI Dashboard- report twice annually • Review of any quality and safety risks, including implementation and execution of response plans and provide notice of risk events and response plans to the Board of Managers
Quality Process/Outcomes	• CMS analysis and performance (including penalties/incentive payment) twice annually o Mortality, Value-based purchasing, Readmissions, Hospital Acquired Conditions • Payer analysis and performance with quality metrics annually (example: QHIP)
Patient Safety	• Patient Safety annual goals approval o Routine goal performance report o Sustainment report and control plans • Overall Patient Safety performance metrics • All sentinel event reports including: o History of similar events in last 3 years, response/RCA results, sustainment plan, monitoring plan o Monitoring plans to be presented routinely, but at least quarterly • Monthly "Harm report" if items not covered in overall metric report • Culture of Safety survey and annual update of response to survey results
Patient Experience/ Caregiver Experience	• Patient experience annual goals approval o Routine goal performance report • Overall Patient Experience performance metrics • Caregiver experience annual goals approval o Annual Caregiver experience performance report

Infection Prevention	• Infection Prevention annual goals approval o Routine goal performance report o Sustainment report and control plans • Overall Infection Prevention performance metrics o Aggregate investigation response and plans o Process measure audit results for best practice bundles • Hand Hygiene performance report • High Level Disinfection and Sterilization process audit reports • Antimicrobial stewardship program performance • Construction oversight report
Performance Improvement	*Defined as any improvement effort elevated beyond departmental efforts and requiring resources/support infrastructure* • Performance Improvement annual initiatives or goals: o Sources and gathering/analysis process for consideration of initiatives or goals o Proposals with context including identified need, Executive sponsorship, resources, and structure to execute o Prioritization and approval of annual initiatives and goals • Routine goal performance report • Sustainment report and control plans • Response and plans to address urgent Performance Improvement needs
Credentialing and Privileging	• Approval of SMMC Hospital Medical Staff credentials actions, including appointments, reappointments, practitioner privilege revisions, change in Medical Staff category and lifting of proctoring for applicants, Medical Staff members and AHPs meeting relevant criteria for such actions o Credentials actions regarding applicants, Medical Staff members and AHPs not meeting relevant criteria shall be forwarded to the Board of Managers for final action o Board of Managers to ratify all committee decisions regarding credentialing and privileging • Review of any SMMC Hospital Credentials Committee structure and processes annually • Conduct hearing review and appeal process (related to appointment and reappointment actions)
	• Review of SMMC Hospital Medical Staff Bylaws, Rules and Regulations and Privilege form revisions o Final approval of Medical Staff Bylaws, Rules and Regulations and Privilege forms and related policies will be forwarded to the Board of Managers for final action.

Medical Staff Governance and Peer Review	• Review of aggregate Peer Review actions quarterly • Review of Peer Review Program structure and processes annually • Review of Well Being Program structure and processes annually • Annual approval of Performance Improvement, Patient Safety, Infection Prevention and Utilization Review Plans • Hearing review and appeal process (related to peer review actions)

EXHIBIT B

MANAGEMENT SERVICES AGREEMENT

[See attached]

MANAGEMENT SERVICES AGREEMENT

BETWEEN

ST. MARY MEDICAL CENTER

AND

ST. MARY MEDICAL CENTER, LLC

MANAGEMENT SERVICES AGREEMENT

This MANAGEMENT SERVICES AGREEMENT (this "**Agreement**") is made and entered into as of [_____ ___, 20__] (the "**Effective Date**"), by and between St. Mary Medical Center, a California nonprofit public benefit corporation ("**SMMC**"), and St. Mary Medical Center, LLC, a California limited liability company ("**Company**"). Company and SMMC are sometimes referred to collectively in this Agreement as the "**Parties**" and individually as a "**Party**."

RECITALS

WHEREAS, as of the Effective Date, Company owns the general acute care hospital known as "St. Mary Medical Center" located in Apple Valley, California (the "**Existing Hospital**"), and other health care businesses and assets incident to the operation of the Hospital (the Hospital and the other health care businesses and assets, including the New Hospital, shall collectively be referred to as the "**Hospital Business**");

WHEREAS, the Company is planning to replace the Existing Hospital with a new acute care hospital (the "**New Hospital**") to be located in the area of Southern California commonly referred to as the High Desert, in close proximity to the Existing Hospital (the Existing Hospital and the New Hospital, whichever is then operating as an acute care hospital, shall each be referred to herein as the "**Hospital**");

WHEREAS, Company is an affiliate of SMMC in which SMMC holds a seventy percent (70%) controlling membership interest; and

WHEREAS, Company desires to engage the services of SMMC to provide its experience, skills, supervision and personnel in the management and operation of the Hospital Business on behalf of Company, and SMMC desires to provide such management, services and personnel under the terms set forth herein, subject at all times to the recognition and acceptance by SMMC that the ultimate authority and control of the operation of the Hospital Business shall at all times be retained by Company, subject to the terms and conditions set forth herein.

AGREEMENT

NOW, THEREFORE, for and in consideration of the mutual promises, covenants and agreements contained herein, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties hereto hereby agree as follows:

ARTICLE 1. DEFINITIONS

Section 1.1 Definitions.

The following terms used in this Agreement shall have the following meanings:

"**Affiliate**" means, with respect to any Person, a Person that directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, such Person. As used in this definition, the term "control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through ownership of voting securities, the ownership of membership interests or election or appointment of board members, or by contract or otherwise. Notwithstanding the foregoing, the Parties acknowledge and agree that solely for purposes of this Agreement Company shall be not considered an Affiliate of SMMC.

"**Affiliation Agreement**" means that certain Affiliation Agreement by and among SMMC, Company, KFH and Kaiser Foundation Health Plan, Inc., dated [_____ ___, 20__], as such may be amended from time to time.

"**Agreement**" shall have the meaning set forth in the Preamble.

"**Board of Managers**" or "**Board**" shall have the meanings defined in the Company Operating Agreement.

"**Budgets**" shall have the meaning set forth in Section 2.3.2.

"**Business Day**" means any day, other than a Saturday, Sunday or other legal holiday, on which banks in California are open for business.

"**Business Records**" shall have the meaning set forth in Section 2.3.5.

"**Catholic Identity Standards**" shall have the meaning given to that term in the Company Operating Agreement.

"**Change in Control**" shall mean (a) any transaction or series of related transactions between an entity and an Independent Third Party, including a merger, consolidation or issuance or sale of equity, that results in the Independent Third Party becoming the actual or beneficial owner of fifty percent (50%) or more of the voting ownership interests of the entity, (b) any sale, lease, transfer, exchange, disposition or change in use of all or substantially all of the property and assets of an entity to an Independent Third Party, (c) with respect to an entity, any issuance of a new corporate membership or the substitution of a new corporate member or members that transfers the governance of the entity to an Independent Third Party, including the issuance of a new corporate membership that gives the Independent Third Party the ability to vote fifty percent (50%) or more of the membership interests or to elect 50% or more of the members of the Board of the entity undergoing the Change in Control, or (d) any joint venture, management or other contractual arrangement, or similar transaction by an entity with an Independent Third Party that results in such Independent Third Party becoming the owner or operator of all or substantially all of the assets of the entity.

"**Chief Executive**" shall have the meaning set forth in Section 3.1.1.

"**Clinical Hospital Personnel**" shall have the meaning set forth in Section 3.2.2.

"**Company**" shall have the meaning set forth in the Preamble.

"**Company Assets**" shall have the meaning set forth in Section 6.3.2.

"**Company Indemnified Party**" shall have the meaning set forth in Section 7.2.

"**Company Operating Agreement**" shall mean the Operating Agreement of the Company dated as of [_____, 20__], as such may be amended from time to time.

"**Conditions**" shall have the meaning set forth in Section 5.3.

"**Confidential Information**" shall have the meaning set forth in Section 8.13.

"**Cost Allocation**" shall have the meaning set forth in Exhibit C.

"**Deposit Accounts**" shall have the meaning set forth in Exhibit B.

"**Direct Costs of Hospital**" means direct costs of the Hospital Business, which are costs or expenses that only benefit or relate to the Hospital Business, net of receipts or negative expenditures that offset or reduce the direct cost of items, such as discounts, rebates, allowances, recoveries or indemnities on losses, adjustments of overpayments or erroneous charges, and less allocations of expenses that benefit operations or organizations that are not part of the Hospital Business.

"**Effective Date**" shall have the meaning set forth in the Preamble.

"**Existing Hospital**" shall have the meaning set forth in the Recitals.

"**Employment Costs**" shall have the meaning set forth in Section 4.1.1.

"**FAP and Emergency Medical Care Policy**" means the Financial Assistance Plan and Emergency Care Policy attached hereto as Exhibit A as such may be amended from time to time by Company.

"**Fiscal Year**" means the fiscal year of Company as set forth in the Company Operating Agreement.

"**Government Health Care Program(s)**" means and includes the Medicare and Medicaid programs and any other federal health care program as defined in 42 U.S.C. § 1320a-7b(f), as amended from time to time.

"**Governmental Authority**" means any foreign or domestic federal, state or local government; any political subdivision thereof; any other governmental, quasi-governmental, judicial, public or statutory instrumentality, authority, body, agency, department, bureau, commission or entity; any entity that contracts with a governmental entity to administer or assist in the administration of a government program (including any Medicare or Medicaid

administrative contractors and the Medicare Advantage Program) or any arbitrator with authority under Legal Requirements to bind a party.

"**Hospital**" shall have the meaning set forth in the Recitals.

"**Hospital Business**" shall have the meaning set forth in the Recitals.

"**Hospital Personnel**" shall have the meaning set forth in Section 3.1.2.

"**Independent Third Party**" means any person or entity that is not SMMC, or an Affiliate of SMMC.

"**IRC**" means the Internal Revenue Code of 1986, as amended from time to time, or any corresponding federal tax statute enacted after the Effective Date. Any reference in this Agreement to a specific section of the IRC shall include any IRC Regulations promulgated under that section of the IRC.

"**IRC Regulations**" means the income tax regulations and temporary regulations promulgated by the Internal Revenue Service, Department of Treasury, pursuant to the IRC.

"**Joint Commission**" shall have the meaning set forth in Section 2.3.1.

"**KFH**" means Kaiser Foundation Hospitals, a California nonprofit public benefit corporation.

"**Legal Requirements**" means: (i) any foreign or domestic federal, state or local law, statute, code, ordinance, regulation, rule, consent agreement, constitution or treaty of any Governmental Authority and common law, (ii) all applicable standards and conditions of participation for Hospital to participate in the Medicare and Medicaid programs, as promulgated by the Centers for Medicare and Medicaid Services, (iii) all provider-based reimbursement rules pertaining to Hospital, (iv) all California requirements for licensing, certification and operation of general acute care hospitals and other applicable health care facilities included within the Hospital Business; and (v) all requirements of the Joint Commission and other applicable accreditation organizations.

"**Loss**" and "**Losses**" shall have the meanings set forth in Section 7.1.

"**Management Services**" shall have the meaning set forth in Section 2.3.

"**Market Standards**" means the prevailing market standards for the provision of services similar to the Management Services on behalf of a general acute care hospital of similar size and scope to Hospital.

"**Medical Staff**" shall have the meaning set forth in Section 2.3.1.

"**Ministries**" shall have the meaning set forth in Exhibit C.

"**New Hospital**" shall have the meaning set forth in the Recitals.

"**Non-Clinical Hospital Personnel**" shall have the meaning set forth in Section 3.2.1.

"**Party**" and "**Parties**" shall have the meanings set forth in the Preamble.

"**Person**" means any individual, for-profit or nonprofit corporation, association, partnership (general, limited or limited liability), joint venture, trust, estate, limited liability company or other legal entity or organization.

"**Retained Contractors**" shall have the meaning set forth in Section 3.1.4.

"**SMMC**" shall have the meaning set forth in the Preamble.

"**SMMC Indemnified Party**" shall have the meaning set forth in Section 7.1.

"**SMMC Manager** Account" shall have the meaning set forth in Exhibit B.

"**Support Personnel**" shall have the meaning set forth in Section 3.1.2.

"**System**" shall have the meaning set forth in Exhibit C.

"**System/Region Costs**" shall have the meaning set forth in Exhibit C.

"**Trade Secrets Act**" shall have the meaning set forth in Section 8.13.

ARTICLE 2. MANAGEMENT AND OPERATIONS

Section 2.1 General Management Services.

Company hereby engages SMMC, and SMMC hereby agrees to be so engaged, subject to the general supervision and control of the Company, to manage the day-to-day operations of the Hospital Business as the exclusive provider of the Management Services to be provided by SMMC on behalf of Company in connection with the operation of the Hospital Business, upon the terms and subject to the conditions set forth in this Agreement. For sake of clarity and notwithstanding any provision to the contrary herein, the exercise of Company's rights hereunder at all times shall be subject to, and performed in accordance with, the Company Operating Agreement (including, without limitation, requirements for Board Supermajority Approval or unanimous approval of the Members of the Company or third party beneficiary rights of KFH to enforce rights of the Company).

Section 2.2 Retention of Authority by Company; General Management Standards.

Company hereby retains ultimate authority and control over the business, policies, operation and assets of the Hospital Business, and the right of general supervision and direction of SMMC's performance of its duties under this Agreement, with the right of general direction exercisable by Company. Except as otherwise expressly provided in this Agreement or otherwise agreed to in writing by the Parties, the Parties agree that SMMC shall perform all of its duties and responsibilities hereunder: (a) in a manner that is consistent with Market Standards; (b) in a manner that is consistent with and in furtherance of the purposes of Company as set forth in the Company Operating Agreement; (c) in a manner that is consistent with Catholic Identity Standards and with applicable law; (d) in accordance with the policies of Company; and (e) sufficient to comply in all material respects with all Legal Requirements. Notwithstanding anything in this Agreement that may be construed to the contrary, nothing in this Agreement shall result in the delegation by Company to SMMC of any of the powers, duties, or responsibilities relating to the Hospital Business that are required to be vested in Company by applicable Legal Requirements.

Section 2.3 Duties of SMMC.

SMMC, directly, or indirectly through SMMC's Affiliates or third parties, shall perform those services reasonably necessary and appropriate for the day-to-day operation and management of the Hospital Business on behalf of Company (the "**Management Services**"), including, but not limited to, the following:

2.3.1 Medical Staff Matters. SMMC shall cooperate with the leadership of the Hospital medical staff (the "**Medical Staff**") and shall advise and assist the Medical Staff and the Board of Managers of Company in functioning in the manner provided by the standards and guidelines on accreditation promulgated by The Joint Commission (the "**Joint Commission**") and in accordance with the Medical Staff bylaws and the Company Operating Agreement. SMMC shall assist the Board of Managers of the Company in adopting and reviewing the Medical Staff bylaws and shall advise the Medical Staff regarding procedural matters; provided, however, medical, ethical and professional matters shall be the responsibility of Company, including control of and questions relating to the composition, qualifications, and responsibilities of the Medical Staff. SMMC shall not, however, take any actions with regard to the Medical Staff in contravention of the terms of, and/or approvals required to be obtained under, the Company Operating Agreement (including, without limitation, actions specifically delegated by the Board of Managers to the Quality Committee). SMMC shall process all applications with governmental and/or commercial health care payors designated by the Company on behalf of its providers for their participation or continued participation as participating providers with such governmental or commercial health care payors.

2.3.2 Budgets. Subject to the requirements of the Company Operating Agreement, SMMC shall submit to Company for approval, disapproval, or modification a proposed annual capital budget and operating budget for Company for each Fiscal Year, along with a five-year capital budget, which shall be prepared and updated annually (collectively, the "**Budgets**"). The Budgets so submitted shall, subject to Section 4.1.2, include the Direct Costs

of Hospital and Company's Annual Share of the System/Region Costs (as defined in Exhibit C, attached hereto and incorporated herein). Once such Budgets are approved by the Company, SMMC shall be entitled to proceed with expenditures contemplated thereby without further approval unless such further approval is required under the Company Operating Agreement; provided, however, Company may modify said Budgets from time to time, which modification shall then become the new authorization for expenditures effective on such date as determined by the Board of Managers of the Company, except that such modification shall not apply to irrevocable financial commitments made or incurred by Company or SMMC prior to such effective date. In the event that Company fails to approve the operating Budget for any given Fiscal Year, then, unless and until the Company approves a new operating Budget for such Fiscal Year, the operating Budget for such Fiscal Year shall be the same as the operating Budget from the immediately preceding Fiscal Year with such variations for that Fiscal Year as are determined by SMMC in good faith to be reasonably necessary to meet the ongoing operational needs of the Hospital Business and not in conflict with the approved strategic plan of Company, so long as such deviations from the Budget for that Fiscal Year are consistent with and subject to the limitations set forth in Section 2.6.3 and Exhibit C. In the event that Company fails to approve or establish a new capital Budget for any given Fiscal Year, then, unless otherwise approved by the Company, no capital expenditures shall be authorized or made for that Fiscal Year except for unspent amounts for capital expenditures approved in the immediately prior Fiscal Year.

2.3.3 Construction and Real Estate Management. SMMC shall oversee and facilitate the construction project for the Hospital's new facility in Apple Valley, and subject to any approvals, reporting and other requirements set forth in the Company Operating Agreement, will manage, supervise, direct, control and administer all services provided by the architect, developer, general contractor, contractors, consultants, engineers and others who work on the construction project, with timing and completion date consistent with the Plan of Finance set forth on Exhibit E of the Company Operating Agreement. Additionally, SMMC shall manage, oversee and maintain all Company owned and leased real property related to the Hospital Business.

2.3.4 Accounting. SMMC shall oversee Company's accounting system and shall prepare monthly and year-to date comparative income statements, balance sheets, and cash flow statements for the Company, which shall be prepared consistent with generally accepted accounting principles. The selection of the independent auditors for Company shall be recommended by SMMC and approved by Company.

2.3.5 Business Records. SMMC shall prepare and maintain all business records relating to Company and/or the Hospital Business, including, without limitation, financial and operational records and such other books and records customarily prepared and/or maintained by or with respect to a general acute care hospital (collectively, "**Business Records**"). SMMC shall manage all Business Records in compliance with all applicable Legal Requirements and shall make such Business Records readily accessible to Company, its Board of Managers and its members consistent with the terms of the Company Operating Agreement. All Business Records will remain under the ownership and control of the Company at all times and

SMMC will function in an administrative capacity in performing its obligations with respect to the Business Records.

2.3.6 Litigation. SMMC shall prepare and provide regular reports to the Board regarding the existence and status of material litigation involving the Company and will promptly notify the Company upon becoming aware of any pending or threatened litigation against the Company, its property, or any of its officers or members of its Board and any action taken or inquiry made by any governmental entity or agency concerning the Company, its property, or any of its officers or members of its Board.

2.3.7 Billing and Charges. SMMC shall be obligated to, and shall have the exclusive right to, bill and collect charges on behalf of Company for all services provided by Company in connection with the Hospital Business. SMMC shall perform such billing and collection in accordance with Company's charge schedules and collection policies and in a manner that is in compliance with IRC §501(r). SMMC shall verify patient eligibility, enrollment, and termination with respect to Medicare, Medicaid and other third party payor programs, and shall respond to billing inquiries from patients, payors and physicians. SMMC shall prepare, in the name of the Hospital Business, all cost reports, exception requests, and other reports and data necessary for obtaining appropriate reimbursement for the items and services provided by the Hospital Business under the Medicare and Medicaid programs and any other third party payor programs in which the Hospital Business participates. SMMC shall account for all payments of costs, expenses, and expenditures and all collections of Hospital accounts receivables. SMMC shall administer the Company's collection policies for the Hospital Business that are reasonable, appropriate and consistent with all applicable laws, regulations, and as agreed to with third party payors, as applicable. SMMC shall remit all such collections to or for the benefit of Company to accounts maintained in accordance with Exhibit B, attached hereto and incorporated herein by reference. Unless otherwise determined by Company, all of the foregoing billing and collection activities, including, without limitation, the management of the accounts and available cash of Company, shall be undertaken and managed by the SMMC consistent with Market Standards pertaining to such activities, in accordance with all Legal Requirements, and as agreed to with third party payors, as applicable

2.3.8 Payments and Performance. SMMC shall exercise reasonable care in applying the Hospital's funds to the timely payment of its liabilities and other obligations and shall be permitted to withdraw and apply such funds from the account(s) held for Company's benefit as may be necessary for such payment. It is specifically agreed and understood that SMMC's ability to make payments to third parties under this Agreement is subject to availability of funds. Except as expressly set forth herein or the Company Operating Agreement, neither SMMC nor any of its Affiliates shall be required to make any such payments from its own funds or resources or to advance any of its own monies to or on behalf of Company.

2.3.9 Expenditures and Contracts. Subject to the required approvals set forth in the Company Operating Agreement, and in accordance with the purchasing policies and Budgets approved by Company, SMMC shall have the authority to commit the Hospital's funds for the purchase or lease of supplies, goods and services reasonably necessary for the operation of the Hospital Business and to cause Company to negotiate, enter into and administer any and all

contracts which SMMC determines are reasonably necessary for the operation of the Hospital in accordance with this Agreement, including all group purchasing arrangements in which Company participates.

2.3.10 Licensing; Accreditation; Compliance. SMMC shall take and/or recommend all steps required to keep the Hospital fully licensed and certified for participation in Government Health Care Programs and other third party payor programs in which the Hospital participates and duly accredited by The Joint Commission and such state or other agencies, if applicable. SMMC shall oversee all Hospital compliance programs and take and/or recommend all steps required for the Hospital Business to comply with applicable law and Legal Requirements. SMMC shall perform medical record audits and conduct utilization review and quality assurance/control review for the Hospital Business and other related activities as necessary and appropriate.

2.3.11 Internal Auditing. SMMC shall coordinate, oversee and make recommendations based on internal auditing of Company in connection with the operation of the Hospital Business and its compliance with all Legal Requirements.

2.3.12 System and Regional Support Services and Allocation. As part of the Management Services, SMMC shall provide, through itself or one of its Affiliates, the system and regional administrative and corporate functions and services described on Exhibit C for which costs related thereto are allocated to Hospital in accordance with Exhibit C.

2.3.13 Financial Assistance and Emergency Medical Care. SMMC shall: (a) conduct periodic community health needs assessments for the communities served by the Hospital; (b) develop, propose and, subject to approval and adoption by the Company's Board of Managers, adopt and implement the FAP and Emergency Medical Care Policy and procedures related thereto, and update such policies and procedures as required to reflect any changes in interpretations of Legal Requirements with respect to "hospital organizations" and "hospital facilities" as those terms are defined in IRC §501(r) that arise subsequent to the Effective Date and as reasonably required to maintain compliance with IRC §501(r) and other relevant administrative guidance and to continue to meet the reasonable needs of the Hospital's community; (c) appropriately publicize the Hospital's financial assistance and emergency medical care policies and procedures to patients and to the community served by the Hospital; (d) make available by Company financial assistance for medically necessary and emergency medical care to individuals who are eligible for such assistance under the standards set forth in the FAP and Emergency Medical Care Policy and related procedures; and (e) not undertake any extraordinary collection actions by Company without having first made reasonable efforts to determine if the individual involved is eligible for financial assistance under Company's FAP and Emergency Medical Care Policy in effect at the Hospital. Any amendments to the FAP and Emergency Medical Care Policy or procedures related thereto shall be proposed in good faith by SMMC and shall be subject to the approval and adoption by the Company.

2.3.14 Marketing. SMMC shall oversee Company's marketing and branding of the Hospital Business, subject to all approvals required under the Company Operating Agreement, including the Branding and Marketing Guidelines referenced therein.

2.3.15 Legal. SMMC shall provide routine, day-to-day legal services provided by the in-house legal counsel of SMMC or one of its Affiliates, but only to the extent that such legal services do not raise any actual or potential legal conflicts of interest.

2.3.16 Software and Computer Systems. SMMC shall oversee the maintenance of all computer equipment and software owned or licensed by the Company. To the extent that there is software or computer systems used by SMMC or its Affiliates for purposes beyond the Hospital Business which is necessary for SMMC to provide management services to the Company, including as part of a larger corporate, administration, management and/or recordkeeping system respecting SMMC's or its Affiliates' other properties and businesses, including accounting and database software, EMR software and other software that is used by other facilities owned or operated by SMMC or its Affiliates, SMMC shall provide the use thereof to the Company in connection with the Hospital Business and hereby grants the Company a license to use any such software or systems owned by SMMC or its Affiliates and, with respect to any third party software, hereby agrees to obtain from such third parties any necessary licenses for the Company to use such software.

Section 2.4 Financial Assistance and Community Benefit Reporting.

SMMC shall make periodic reports to the Board of Managers of Company regarding the Hospital's community benefit and financial assistance and emergency medical care activities, including, without limitation, the number of FAP-eligible individuals provided services at the Hospital and the nature of ongoing efforts by SMMC to ensure the Hospital's compliance with IRC §501(r). Such reports shall be made not less than annually or as otherwise required under applicable Legal Requirements. With respect to such matters, the Company shall have the right, upon at least five (5) Business Days prior notice and during normal business hours, to audit the records maintained by SMMC regarding community benefit and compliance with IRC §501(r).

Section 2.5 Standard of Conduct.

2.5.1 In performing the Management Services hereunder, SMMC shall at all times:

(a) act in good faith and with reasonable diligence;

(b) manage and operate the Hospital Business in a reasonably economical and efficient manner and devote the appropriate amount of time and energy to such management;

(c) exercise reasonable judgment akin to that of a health care management company in its management activities;

(d) manage and operate the Hospital Business in a manner consistent with the charitable and educational purposes of Company set forth in the Company Operating Agreement;

(e) manage and operate the Hospital Business in all material respects in a manner consistent with all applicable Legal Requirements;

(f) manage and operate the Hospital Business in all material respects in a manner consistent with the Catholic Identity Standards; and

(g) use commercially reasonable efforts consistent with Market Standards to maintain employee and patient satisfaction scores at a level consistent at least with historical levels at Hospital.

Section 2.6 Limitations on SMMC's Authority.

Notwithstanding anything in this Agreement that may be construed to the contrary, SMMC acknowledges and agrees that the Company shall have the ultimate right and authority to control and direct the operations of the Hospital in accordance with Section 2.2, and all Management Services provided by SMMC under this Agreement shall be and remain subject to oversight by the Company. Without limiting the generality of the foregoing, SMMC shall not:

2.6.1 take any actions that require the prior approval of the Board of Managers of the Company or the Members in accordance with the Company Operating Agreement without first confirming that such actions have been approved in accordance with the Company Operating Agreement;

2.6.2 take any action that contravenes (i) explicit written policies adopted by the Company, or (ii) any written directives issued by the Company and provided to SMMC; or

2.6.3 (i) make expenditures pertaining to Direct Costs of Hospital that are not authorized under approved Budgets, except as otherwise approved by Company, or (ii) make expenditures pertaining to Company's Annual Share of the System/Region Costs that are inconsistent with Exhibit C. Notwithstanding the foregoing, no approval shall be required for variations in expenditure levels from that set forth in an approved Budget if such variations are reasonably required for the Hospital to maintain its licensure or accreditation or to comply with any applicable Legal Requirements or are reasonably needed in order to maintain patient safety and SMMC shall promptly notify the Board of Managers of the Company of such variations.

Section 2.7 Transactions with Third Parties.

Subject to Section 8.1, SMMC may, in addition to leasing or otherwise making available to Company the Hospital Personnel, employ and/or contract with such other Persons on behalf of Company as SMMC reasonably determines to be necessary to carry out the Management Services. Company shall be responsible for the payment of all Direct Costs of Hospital expenses related to such employment and/or contracting arrangements (including without limitation salaries, bonuses, incentive programs and other fringe benefits, and other costs associated with the employment, management, or termination of such other Persons), which expenses shall be paid subject to and in accordance with Article 4 to the extent that any such expenses are incurred directly by SMMC or an Affiliate of SMMC.

Section 2.8 Payor Contracts.

The Parties acknowledge that the Company provides services through the Hospital pursuant to payor contracts of SMMC and its Affiliates. SMMC shall keep Company apprised of when payor contracts in which Hospital participates are expiring or when new payor contract negotiations are commencing. SMMC shall not serve a notice of termination of a payor contract or execute a new payor contract in each case that includes Hospital without providing Company with at least thirty (30) days prior written notice of such termination or execution, as applicable, and such notice shall include anticipated cost and revenue impacts, a description of contemplated patient, payor and regulator notifications and the basis for such termination or execution, as applicable. Additionally, if feasible, SMMC shall meet and confer with the Company to discuss any concerns the Company has with such termination or execution and SMMC shall exercise commercially reasonable efforts to address the Company's concerns; provided, however, in accordance with Section 4.1 of the Affiliation Agreement, the KFH representaties on the Company's Board of Managers shall not participate in such meet and confer process.

Section 2.9 SMMC Policies and Procedures.

The Parties acknowledge and agree that all policies and procedures of SMMC or its Affiliates with respect to the operation of the Hospital in effect immediately prior to the Effective Date shall be deemed adopted by Company until such time as Company adopts a different policy or procedure to replace the relevant policy and procedure.

Section 2.10 Direction and Oversight of Hospital.

Consistent with Sections 2.2 and 2.6, the Parties acknowledge and agree that the Management Services shall at all times be subject to the direction and oversight of Company, and that Company shall at all times remain the owner, provider and licensee of the Hospital and shall exercise the powers and discharge the responsibilities associated therewith. Nothing in this Agreement is intended or shall be construed to alter or adversely affect Company's rights and responsibilities as owner, provider and licensee of the Hospital, and nothing herein shall obligate, entitle or permit SMMC to assume legal authority or responsibility for the governance, control or management of operations of the Hospital beyond the Management Services responsibilities expressly set forth in this Agreement. Without limiting the generality of the foregoing, and notwithstanding anything in this Agreement that may be construed to the contrary, Company and the Medical Staff, as applicable, shall retain authority and remain responsible for the following:

2.10.1 Retain sole authority to independently adopt policies affecting the Hospital's delivery of health care services;

2.10.2 Exercise of those powers, responsibilities and authorities of Company or the Medical Staff under the Medical Staff bylaws, rules and regulations in effect from time to time throughout the term of this Agreement;

2.10.3 Pursuant to 42 CFR 482.12(e), retain responsibility for services furnished at the Hospital and ensure that the Hospital complies with all applicable conditions of participation and standards for hospitals participating in the Medicare program;

2.10.4 Pursuant to CCR Title 22, Section 70713, retain professional and administrative responsibility for the Hospital;

2.10.5 Dissemination of any marketing materials regarding the Hospital in compliance with CCR Title 22, Section 70729; and

2.10.6 Exercise such other powers, responsibilities and authorities that cannot lawfully be delegated by Company or the Medical Staff under state or federal law or applicable accreditation standards or requirements.

ARTICLE 3. PERSONNEL

Section 3.1 Obligation to Provide.

3.1.1 Chief Executive. As part of the Management Services, SMMC or one of its Affiliates shall provide Company, at Company's expense subject to and in accordance with Article 4, with a Hospital Chief Executive Officer ("**Chief Executive**"). The Chief Executive shall be qualified and experienced. The individual serving as Chief Executive shall be recommended to the Company Board of Managers by SMMC, and the Chief Executive's appointment or authorization shall be approved by the Board of Managers as provided in the Company Operating Agreement. The removal of the Chief Executive shall be subject to the approval or authorization of the Company Board of Managers as set forth in the Company Operating Agreement. The Chief Executive shall be based at and exclusively dedicated to the Hospital. The Chief Executive shall be subject to oversight by the Company and report to the Board of Managers as set forth in the Company Operating Agreement, recognizing, however, that the Chief Executive's employment relationship is with SMMC. The Chief Executive shall have the duties and responsibilities set forth in the Company Operating Agreement.

3.1.2 Hospital Personnel. In addition to the Chief Executive, SMMC shall provide Company, at Company's expense subject to and in accordance with Article 4, with senior management personnel and other support personnel as is reasonably necessary for the efficient operation of the Hospital (the "**Support Personnel**", and together with the Chief Executive, the "**Hospital Personnel**"). All Support Personnel shall be employees or independent contractors of SMMC or one of its Affiliates. All work and services provided by Support Personnel hereunder shall be performed at the Hospital or at such other location as may be reasonably designated by SMMC. SMMC shall be responsible for the recruitment, selection, and termination of such Support Personnel. In the performance of their Hospital duties, all such Support Personnel shall be supervised by the Chief Executive and perform their duties in accordance with personnel policies and procedures of SMMC or its Affiliates, as applicable, in existence from time to time. Subject to Article 4, SMMC or one of its Affiliates, as applicable, shall establish and have authority to revise wage scales, employee benefit packages (including, without limitation, incentive pay as may be applicable for certain Hospital Personnel), in-service

training programs, staffing schedules, and job descriptions of the employed Hospital Personnel. The Parties acknowledge and agree that the Support Personnel being provided by SMMC and their responsibilities hereunder may change from time to time.

3.1.3 Leased Employees. The Parties intend as part of this Agreement to establish a leased employment relationship between SMMC and Company for the services of the Hospital Personnel employed by SMMC or one of its Affiliates. Accordingly, SMMC hereby leases or agrees to otherwise make available to the Company the Hospital Personnel that are employed by SMMC or one of its Affiliates. Such Hospital Personnel shall provide the services for which they are employed in the capacity of leased employees of Company under the supervision, direction, and control of Company in the performance of their duties for or on behalf of the Hospital Business and shall also be accountable to SMMC as employees. Company agrees to pay to SMMC or its designees all Direct Costs of Hospital Business (without mark-ups) related to the employment of the Hospital Personnel being leased to Company hereunder (including without limitation, salaries, bonuses, incentive programs, retirement and health and welfare benefits and other fringe benefits, and other costs associated with the employment, management or termination of such Hospital Personnel) subject to and in accordance with Article 4.

3.1.4 Retained Contractors. The Parties also intend as part of this Agreement that, to the extent legally permissible and to the extent that agreements with Retained Contractors (as defined below) have not been assigned directly to Company, SMMC or its Affiliates will retain certain existing independent contractor relationships and agreements with vendors that provide services to or for the benefit of the Hospital Business ("**Retained Contractors**"), and will continue to make those services available to Hospital through this Agreement consistent with the terms of the underlying agreements between SMMC and the applicable Retained Contractor. Company agrees to pay to SMMC or its designees all Direct Costs of Hospital Business (without mark-ups) related to the Retained Contractors providing such services to or for the benefit of the Hospital Business subject to and in accordance with Article 4.

Section 3.2 Qualifications.

3.2.1 Non-clinical Hospital Personnel (the "**Non-Clinical Hospital Personnel**") shall possess the skills and qualifications necessary to perform the services for which they are employed or engaged. SMMC shall require that each Non-Clinical Hospital Personnel that provides services on behalf of the Hospital Business during the term of this Agreement: (i) if employed, continue to be an employee of SMMC or its Affiliates in good standing; and (ii) comply with all statutes, laws, rules, regulations and ordinances of all Governmental Authorities, including federal, state and local authorities applicable to the services the Non-Clinical Hospital Personnel provides for or on behalf of Company.

3.2.2 Clinical Hospital Personnel (the "**Clinical Hospital Personnel**") shall possess the skills and qualifications necessary to perform the professional services for which they are employed or engaged. SMMC shall require that each Clinical Hospital Personnel that provides services on behalf of the Hospital Business during the term of this Agreement: (i) maintain in good standing his or her unrestricted license to practice medicine in the State of

California; (ii) if a physician, be certified or qualified for certification by the applicable certification board in his or her specialty, subject to the Hospital's Medical Staff bylaws and policy requirements; (iii) maintain federal and state registrations to prescribe controlled substances, as applicable; (iv) abide by the applicable policies and procedures of Company; (v) be a participating provider, in good standing, in the Medicare and Medicaid programs and those health plans with which Company contracts except as otherwise permitted in such personnel contracts; (vi) comply with all statutes, laws, rules, regulations and ordinances of all Governmental Authorities, including federal, state and local authorities regulating the practice of his or her profession; and (vii) be and remain eligible for professional liability insurance coverage.

3.2.3 In the event that SMMC becomes aware that any Hospital Personnel no longer meets the qualifications of this Section 3.2, SMMC shall promptly notify Company, at which point Company shall have the right to request that SMMC remove the relevant Hospital Personnel pursuant to Section 3.3.5. Additionally, to the extent that SMMC becomes aware that any applicable contracts do not comply with the foregoing requirements, SMMC shall exercise commercially reasonable efforts to bring such agreements into compliance as expeditiously as possible.

Section 3.3 General Terms Applicable to Hospital Personnel.

3.3.1 Personnel Policies and Procedures. All Hospital Personnel that are employees of SMMC or its Affiliates shall be subject to SMMC's personnel policies and procedures, consistent with SMMC or its Affiliates being the employer or the party engaging them to provide services. All Hospital Personnel that are Retained Contractors shall be required to comply with the terms and conditions of their underlying agreements with SMMC or its Affiliates.

3.3.2 Company Control. Company shall exercise oversight and control over all actions taken by Hospital Personnel regarding the provision of services on behalf of the Company. Notwithstanding the foregoing, unless otherwise expressly set forth in this Agreement or the Company Operating Agreement, SMMC shall have the sole authority to hire, assign, promote, demote, and terminate the Hospital Personnel that are employees of SMMC or its Affiliates and to renew, terminate, or amend contracts with Hospital Personnel that are Retained Contractors.

3.3.3 Employee Relations. SMMC shall oversee all communications and relations between the Company and Hospital Personnel, including union oversight.

3.3.4 Duties of Hospital Personnel. SMMC shall require each Hospital Personnel to:

(a) perform his or her duties in a manner consistent with Company's clinical policies, procedures and protocols, in accordance with acceptable and prevailing standards of care, as applicable, and consistent with his or her education, licensure, certification, and/or registration;

(b) devote as much skill, effort, and attention as is necessary to faithfully perform, to the fullest extent of the his or her ability, his or her duties under this Agreement; and

(c) comply with all California and federal laws, rules, regulations, and standards of any Governmental Authorities applicable to the operations of Company and all reasonable interpretations of such laws as may be made or obtained by SMMC in consultation with Company and all other Legal Requirements.

3.3.5 Removal. Company has the right to request that SMMC remove those Hospital Personnel who fails to meet any of the qualifications of this Section 3.3 or whose performance is detrimental to patients, staff, visitors or Hospital Business operations or, if, in the good faith judgment of the Company, removal would be in the best interests of the Hospital Business and its patients. SMMC shall accommodate such requests in good faith. Subject to any reserved powers set forth in the Company Operating Agreement, SMMC shall have the right to replace any Hospital Personnel providing services under this Agreement, in its reasonable discretion, with another qualified employee or contractor, as applicable, and shall coordinate any such replacement with Company.

3.3.6 Hospital Personnel Benefits. SMMC, at Company's expense for Direct Costs of Hospital Business subject to and in accordance with Article 4, is responsible for determining and providing to Hospital Personnel that are employees of SMMC or its Affiliates the compensation, benefits, vacation, sick, and personal leave to which they are entitled, which shall be consistent with the compensation, benefits, vacation, sick and personal leave that SMMC or its Affiliates provides to other employees in the same classification.

3.3.7 Taxes. The Parties acknowledge that all Hospital Personnel engaged by SMMC and provided to Company under this Agreement for the operation of the Hospital Business are employees or independent contractors of SMMC or its Affiliates and not of Company. For Hospital Personnel that are employees of SMMC or its Affiliates, SMMC or the applicable Affiliate shall be solely responsible for determining and paying applicable federal, state, and local income taxes, social security taxes, and federal, state, and local employment taxes from the wages of such Hospital Personnel, payment of all applicable federal unemployment, state unemployment, and other payroll taxes and assessments due with respect to such Hospital Personnel, and providing workers' compensation and non-obligatory fringe benefit programs for such Hospital Personnel. Company shall compensate SMMC for all such amounts that are Direct Costs of Hospital Business subject to and in accordance with Article 4.

3.3.8 SMMC Insurance.

(a) Commercial Professional Liability. Throughout the term of this Agreement, SMMC shall be covered by commercial professional liability insurance or self-insurance coverage maintained by one of its Affiliates for the activities of SMMC and employed Hospital Personnel for services provided pursuant to this Agreement with limits not of less than One Million Dollars ($1,000,000.00) per claim or occurrence or claim and Three Million Dollars ($3,000,000.00) annual aggregate. This coverage shall be either: (i) on an occurrence basis; or

(ii) on a claims-made basis. If the coverage is on a claims-made basis, SMMC hereby agrees to maintain coverage continuously throughout the term of this Agreement with a retroactive date no later than the Effective Date. Should coverage be terminated, SMMC shall obtain, prior to termination of SMMC's then current coverage, either unlimited tail coverage or coverage retroactive to the Effective Date in the above stated amounts for all claims arising out of activities reported after the Effective Date. SMMC shall provide Company with a certificate of insurance upon Company's request. The cost of the insurance and tail insurance required hereunder shall be paid for by Company as a component of Company's Annual Share of the System/Region Costs, subject to and in accordance with Article 4.

(b) General Liability. Throughout the term of this Agreement, SMMC shall carry and maintain general liability insurance or self-insurance coverage insuring Company and Hospital Personnel employed or engaged by SMMC against bodily injury, property damage and contractual liability with a limit of not less than One Million Dollars ($1,000,000) per claim and Three Million Dollars ($3,000,000) in the annual aggregate. Company shall pay for such coverage subject to and in accordance with Article 4.

(c) Worker's Compensation. Throughout the term of this Agreement, SMMC shall maintain adequate workers' compensation insurance for the Hospital Personnel employed by SMMC in accordance with applicable Legal Requirements. Company shall pay for such coverage subject to and in accordance with Article 4.

(d) Cooperation in Event of a Claim. SMMC shall cause notice to be provided to the Company at least thirty days before any of the required policies are cancelled. Subject to their respective insurance policies, each Party shall cooperate in good faith with the other Party in the conduct of any suits and in enforcing any right of contribution or indemnity against any Person who may be liable to either of the Parties because of the injury or damage with respect to which the insurance is afforded.

3.3.9 Company Insurance. Throughout the term of this Agreement, SMMC shall, on behalf of Company: (i) purchase and maintain, at Company's expense, via commercial insurance with responsible and properly licensed companies, insurance coverage in such types and amounts as are consistent with customary practices and standards of companies engaged in similar businesses as Company, or (ii) cause Company to participate in self-insurance programs offered by SMMC or an Affiliate of SMMC. Such insurance shall include professional liability insurance, directors and officers liability insurance, employment practices liability insurance, commercial general liability insurance, cyber liability insurance and such other insurance as shall be determined by the Company. SMMC shall recommend to the Company insurance to be obtained by the Company and coverage amounts and shall arrange for such insurance coverages on behalf of the Company. Company shall pay for such coverage, or for the participation of Company in self-insurance programs offered by SMMC or an Affiliate of SMMC, as applicable, subject to and in accordance with Article 4. Every three (3) years or upon Company's request, which may occur no more frequently than annually, SMMC shall make available reasonable information regarding the commercial insurance terms and coverage under the self-insurance program applicable to the Company.

ARTICLE 4. SMMC COMPENSATION

Section 4.1 Cost Reimbursement.

In consideration for the Management Services provided hereunder, Company shall pay to SMMC all costs incurred by SMMC or one of its Affiliates in providing the Management Services, which costs shall include: (i) the Direct Costs of Hospital (without mark-ups), to the extent such Direct Costs of Hospital are incurred by SMMC or one of its Affiliates and so long as such amounts are incurred pursuant to an approved Company Budget or otherwise or permitted under Section 2.6.3, and (ii) Company's Annual Share of the System/Region Costs, so long as such amount is consistent with the terms set forth on Exhibit C. Payment to SMMC for any costs incurred by one of SMMC's Affiliates shall fully discharge and bar any claim for payment by the Company of such costs to such an Affiliate.

4.1.1 Direct Costs of Hospital. The Parties acknowledge and agree that the Direct Costs of Hospital shall include, without limitation, the costs SMMC incurs in connection with employing the Hospital Personnel (the "**Employment Costs**"), and therefore the Parties acknowledge and agree that such Employment Costs shall not be a component of the System/Region Costs (as defined in Exhibit C). The Parties agree that, with respect to the Hospital Personnel, the Employment Costs include, without limitation, base salary, bonus or other non-equity based incentive compensation, retirement, severance and other benefit expenses, vicarious liability insurance premiums, disability insurance premiums, worker's compensation insurance premiums, state and Federal income taxes, unemployment taxes, state health insurance taxes, and any withholding payment relating to the same, pro-rata share of retirement or other benefit-related administration expenses, and postage and any employment benefits provided or paid by SMMC on behalf of the Hospital Personnel. If employees provide services to more than one facility, the Company's Direct Costs of Hospital with respect to such employees shall be the portion of such employee costs allocated based on the number of employee hours provided to the Company or in another manner acceptable to the Company and SMMC.

Section 4.2 Fair Value of Services.

SMMC and the Company agree that the amounts paid to SMMC for its services are intended to be fair market value for such services and further agree that the benefits to SMMC hereunder do not require, are not payment for, and are not in any way contingent upon, the referral (as that term is defined in 42 U.S.C. § 1395nn or 42 U.S.C. § 1320a-7(b)), admission or any other arrangement for the provision of any item or service offered by the Company to patients of SMMC in any facility or health care operation controlled, managed, or operated by the Company.

Section 4.3 Audit Rights.

Company and its Members shall have the right, upon at least ten (10) Business Days prior notice and during normal business hours, to audit, examine, and make copies of or extracts from the books of account of SMMC and/or any Affiliate of SMMC to the extent required to verify

the calculation or incurrence of the Direct Costs of Hospital and Company's Annual Share of the System/Region Costs. Company shall have the right, upon at least ten (10) Business Days prior notice and during normal business hours, to audit, examine, and make copies of or extracts from the books and records of SMMC and/or any Affiliate of SMMC to the extent required to verify the standards and practices with which SMMC performed its duties under this Agreement. Such audit rights may be exercised through any designated agent of Company or of its Members, or by an independent certified public accountant or outside consultant. Notwithstanding the foregoing, SMMC shall not be required to provide information specific to any of its Affiliate hospitals other than the Hospital, except as reasonably necessary to demonstrate the overall methodology on how applicable calculations impacting the Hospital have been made.

Section 4.4 Place and Means of Payment.

On a monthly basis SMMC shall transfer funds from one or more of the Company's account(s) listed on Exhibit B to a financial account in SMMC's name equal to the amount due to SMMC hereunder for the applicable month. Company shall implement all necessary processes and procedures to effectuate such transfers. Notwithstanding the foregoing, amounts needed to meet payroll requirements for the Hospital Personnel shall be transferred on a bi-weekly basis.

ARTICLE 5. COMPLIANCE

Section 5.1 Compliance with Laws.

Throughout the term of this Agreement, in connection with satisfying the Parties' duties and obligations hereunder, each Party and its employees, contractors and agents shall comply in all material respects with all applicable Legal Requirements.

Section 5.2 Patient Information.

Except as permitted or required by this Agreement or by applicable Legal Requirements, SMMC shall comply at all times, in all material respects, with the terms of the Business Associate Addendum by and between the Parties attached hereto as Exhibit D and incorporated herein by this reference.

Section 5.3 California Attorney General Conditions Involving Hospital.

In connection with the Management Services provided by SMMC pursuant to this Agreement, SMMC shall comply with all conditions (the "**Conditions**") pertaining to Hospital set forth in the California Attorney General's letter of conditional consent dated June 21, 2016 (as such Conditions may be amended from time to time) regarding the transaction between Providence Health & Services and St. Joseph Health System. In furtherance of the foregoing, this Agreement nor any of the terms set forth herein shall in any way affect Hospital's ongoing compliance with the Conditions.

ARTICLE 6. TERM AND TERMINATION

Section 6.1 Term.

This Agreement shall commence as of the Effective Date and shall continue for a period of ten (10) years unless terminated pursuant to Section 6.2. Thereafter, this Agreement shall automatically renew for successive ten (10) years periods unless terminated pursuant to Section 6.2.

Section 6.2 Termination.

This Agreement shall terminate upon the occurrence of any of the following:

6.2.1 This Agreement shall terminate immediately upon the mutual written consent of Company and SMMC.

6.2.2 This Agreement shall terminate immediately upon the dissolution of Company or if Company no longer operates the Hospital Business.

6.2.3 This Agreement shall terminate immediately upon the date on which SMMC is no longer a member of Company.

6.2.4 Either Party shall have the right to terminate this Agreement upon sixty (60) days' prior written notice to the other Party if the Party to whom such notice is provided has engaged in a systemic or repeated pattern of uncured material breaches of its duties and obligations set forth in this Agreement. Such notice shall set forth the facts underlying the alleged breaches. If the breaches are cured within the notice period, then the Agreement shall continue in effect for its remaining term, subject to any other provision of this Agreement. Any disputes with respect to the existence of the breaches or cure thereof shall be subject to Section 8.3 (Dispute Resolution).

6.2.5 Either Party may terminate this Agreement if (i) the other Party files a voluntary petition in bankruptcy (such termination being subject to bankruptcy court rules and procedures), applies for or consents to the appointment of a receiver, makes a general assignment for the benefit of creditors, admits in writing its inability to pay debts as they mature, files a petition or answer seeking a reorganization or arrangement with creditors under any insolvency law, or files an answer admitting the material allegations of a petition filed in any bankruptcy or reorganization proceeding (such termination being subject to bankruptcy court rules and procedures); or (ii) a decree of any court is entered adjudging either party to be bankrupt or approving a reorganization or arrangement under any insolvency law (which decree is not set aside within 90 days after it is entered) (such termination being subject to bankruptcy court rules and procedures).

6.2.6 If there is a change in Medicare, Medicaid or other Federal or State statutes or regulations or in the interpretation thereof, which renders any of the material terms of this Agreement unlawful or unenforceable, this Agreement shall be amended by the Parties hereto as a result of good faith negotiations to the least extent necessary in order to carry out the original intention of the Parties in compliance with such law or regulation. If the Parties are

unable to reach agreement regarding such amendment, then either Party may terminate this Agreement upon sixty (60) days' notice to the other Party.

Section 6.3 Effect of Termination or Expiration.

Upon any termination of this Agreement for any reason, the following shall apply:

6.3.1 Outstanding Compensation and Reimbursement. Company shall pay SMMC all amounts due under the terms of this Agreement through the effective date of termination of this Agreement. This obligation shall survive the termination of this Agreement.

6.3.2 Return of Company Assets. Upon the termination of this Agreement, SMMC shall immediately return to Company any and all Company Assets held or maintained by SMMC as of the effective date of termination of this Agreement. For purposes of this Agreement, "**Company Assets**" shall mean and include any and all assets or property of Company then in possession or control of SMMC or any of its Affiliates

6.3.3 The provisions of this Section 6.3 shall survive the termination of this Agreement.

ARTICLE 7. INDEMNIFICATION

Section 7.1 Company's Indemnification.

Except to the extent caused by the negligence, intentional misconduct, or fraud of a SMMC Indemnified Party, Company shall hold harmless, indemnify and defend SMMC and its Affiliates, and their respective agents, employees, officers, managers, directors, partners, and members (each an "**SMMC Indemnified Party**"), to the extent of its then-current Corporate Indemnification Policy, from and against all claims (administrative or judicial), damages, losses and expenses (including, without limitation, reasonable attorneys' fees, accounting fees, appraisal fees and consulting and expert witness fees) (each a "**Loss**" and collectively, "**Losses**") arising out of or resulting from (a) Company's or any Company Indemnified Party's negligence, willful or intentional misconduct or fraud; or (b) Company's material breach of its obligations under this Agreement that is not cured within the later of: (i) thirty (30) days following Company's receipt of notice of the material breach from SMMC, and (ii) sixty (60) days following Company's receipt of notice of the material breach from SMMC if cure is not reasonably feasible within thirty (30) days and efforts to cure have been initiated by Company. Company's indemnification obligation under this Section 7.1 with respect to any Loss incurred by an SMMC Indemnified Party shall be reduced by the amount of any insurance actually collected by an SMMC Indemnified Party with respect to such Loss. Notwithstanding the foregoing, nothing in this Section 7.1 shall be construed to relieve any insurance carrier of its obligations under any insurance coverage maintained by Company, which in all cases are intended by the Parties to be primary to the indemnification obligations hereunder. The provisions of this Section 7.1 shall survive the termination of this Agreement.

Section 7.2 SMMC's Indemnification.

Except to the extent caused by the negligence, intentional misconduct or fraud of a Company Indemnified Party, SMMC shall hold harmless, indemnify and defend Company, and its agents, employees, officers, managers, directors, partners and member and Affiliates of members (each a "**Company Indemnified Party**"), from and against all Losses arising out of or resulting from (a) SMMC's (or any of its Affiliates' or any other SMMC Indemnified Party's) negligence, willful or intentional misconduct or fraud; (b) SMMC's material breach of its obligations under this Agreement that is not cured within the later of: (i) thirty (30) days following SMMC's receipt of notice of the material breach from Company, and (ii) sixty (60) days following SMMC's receipt of notice of the material breach from Company if cure is not reasonably feasible within thirty (30) days and efforts to cure have been initiated by SMMC; or (c) any matter relating to SMMC's employment or engagement of the Hospital Personnel. SMMC's indemnification obligation under this Section 7.2 with respect to any Loss incurred by a Company Indemnified Party shall be reduced by the amount of any insurance actually collected by a Company Indemnified Party with respect to such Loss. Notwithstanding the foregoing, nothing in this Section 7.2 shall be construed to relieve any insurance carrier of its obligations under any insurance coverage maintained by SMMC or any of its Affiliates, which in all cases are intended by the Parties to be primary to the indemnification obligations hereunder. The provisions of this Section 7.2 shall survive the termination of this Agreement.

Section 7.3 Indemnification Procedure.

Upon the occurrence of an event giving rise to indemnification under this Article 7, the Party or other Person seeking indemnification shall notify the other Party in writing and provide such other Party with copies of any documents reflecting the Loss. The Party providing indemnification shall be entitled to engage, at its sole cost and expense, such attorneys and other persons to defend against the Loss, as it may choose. The provisions of this Section 7.3 shall survive the termination of this Agreement.

ARTICLE 8. MISCELLANEOUS

Section 8.1 Use of Affiliates by SMMC.

In fulfilling its obligations under this Agreement, SMMC may from time to time use the services of one or more of its Affiliates. If an Affiliate of SMMC performs services that SMMC is required to provide under this Agreement, SMMC shall be ultimately responsible to Company for such Affiliate's performance as if such services had been provided by SMMC, and such performance shall be consistent with the terms and conditions set forth in this Agreement.

Section 8.2 Access to Books and Records.

To the extent required by applicable Legal Requirements, each of the Parties shall make their respective books, documents and records available upon written request to the Comptroller General of the United States, the Secretary of Health and Human Services or the duly authorized representatives thereof to the extent required to verify the costs of services rendered by SMMC

pursuant to this Agreement for a period of four (4) years following the rendition of such services by SMMC hereunder. SMMC further agrees that, should it carry out any of the duties of this Agreement through a subcontract, that subcontract shall contain a clause to the same effect as the foregoing.

Section 8.3 Dispute Resolution.

The dispute resolution procedures specified in Article IX of the Affiliation Agreement are hereby incorporated by reference as though fully set forth herein and shall govern all disputes, claims or controversies between the Parties hereto that arise under this Agreement.

Section 8.4 Governing Law.

This Agreement and the application or interpretation hereof, will be governed exclusively by the laws of the State of California.

Section 8.5 Waivers.

No failure or delay by a Party to insist on the strict performance of any term of this Agreement, or to exercise any right or remedy consequent on a breach thereof, shall constitute a waiver of any breach or any subsequent breach of such term. Neither this Agreement nor any of its terms may be changed, waived, discharged or terminated except by an instrument in writing signed by the Party against whom the enforcement of the change, waiver, discharge or termination is sought. No waiver of any breach shall affect or alter this Agreement, but each and every term of this Agreement shall continue in full force and effect with respect to any other then existing or subsequent breach. The remedies provided in this Agreement are cumulative and not exclusive of the remedies provided by law or in equity.

Section 8.6 Independent Contractors.

The Parties are now and will remain as to each other separate and independent. In the performance of Management Services pursuant to this Agreement, it is mutually understood and agreed that SMMC is at all times acting and performing under this Agreement as an independent contractor, and not as an employee, joint venturer or partner of Company.

Section 8.7 Severability.

If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws effective during the term hereof, the legality, validity and enforceability of the remaining provisions of this Agreement will not be affected thereby, and in lieu of such illegal, invalid or unenforceable provision, there will be added automatically as a part of this Agreement a provision as similar in terms to such illegal, invalid or unenforceable provision as may be legal, valid, and enforceable as shall be negotiated by the Parties, as provided in Section 6.2.6.

Section 8.8 Notices.

All notices, requests, demands or other communications hereunder must be in writing and must be given and shall be deemed to have been given upon receipt if delivered by Federal Express or similar overnight carrier, on the date of delivery if delivered in person, or three (3) days after mailing if sent by certified or registered mail with first-class postage prepaid, addressed, as set forth below or to such other person(s) or address(es) as may be designated by the Parties in accordance with the provisions of this Section 8.8.

If to SMMC:
Providence Health System – Southern California
3345 Michelson Drive, Suite 100
Irvine, California 92612
Attn: Executive Vice President and Chief Executive

With a copy to:
Providence Health System – Southern California
1801 Lind Avenue, S.W.
Renton, Washington 98057
Attn: Chief Legal Officer

If to Company:
St. Mary Medical Center, LLC
18300 Highway 18
Apple Valley, California 92307
Attn: Board of Managers

With a copy to:
Kaiser Foundation Hospitals & Health Plan
393 East Walnut Street
Pasadena, CA 91188
Attn: Southern California Regional President

and

Kaiser Foundation Hospitals & Health Plan
393 East Walnut Street
Pasadena, CA 91188
Attn: Vice President and Assistant General Counsel

Section 8.9 Assignment.

Subject to Section 8.1 or as otherwise expressly set forth in this Agreement, no Party may assign or transfer any of its rights or obligations under this Agreement to any other Person without the prior written consent of the other Party; provided, however, SMMC may assign its rights in this Agreement or delegate its duties under this Agreement in connection with a "Permitted Transfer" (as such term is defined in the Company Operating Agreement).

Section 8.10 Entire Agreement; Amendment.

This Agreement constitutes the entire agreement between the Parties pertaining to the subject matter hereof and supersedes all prior understandings between the Parties, whether written or oral, as to such subject matter. No supplement, modification, or amendment of this Agreement shall be binding unless executed in writing by the Parties.

Section 8.11 Counterparts.

This Agreement may be executed in multiple counterparts, each of which is considered an original and will be binding upon the Party who executed the same, but all of such counterparts will constitute the same Agreement. Signatures sent by facsimile or electronic transmission (including pdf) shall be deemed to be originals for all purposes of this Agreement.

Section 8.12 Further Assurances.

The Parties shall do and cause to be done all such acts, matters and things and shall execute and deliver all such documents and instruments as shall be required to enable the Parties to perform their respective obligations under, and to give effect to the transactions contemplated by, this Agreement.

Section 8.13 Confidentiality.

Each Party may have access to and may become acquainted with confidential information and trade secrets of the other Party, including, but not limited to, vendor lists, customer and patient information, financial and accounting information, proprietary policies and procedures, employee information, and other records of the other Party, which items may be owned exclusively by the applicable Party or which may be shared exclusively between the Parties (the "**Confidential Information**"). As used herein, Confidential Information shall not include any information, other than information independently protected by applicable law, that: (a) becomes part of the public domain or of public knowledge through no act or omission of a Party; (b) was in the possession of a disclosing Party and not subject to any confidentiality obligation; or (c) must be disclosed by a Party to comply with applicable law (in which case such Party shall first provide the other Party notice and an opportunity to object). The Parties agree that neither Party shall disclose any Confidential Information, proprietary information or trade secrets of the other Party. To the extent permitted by law, all such Confidential Information shall constitute "trade secrets" within the meaning of the Uniform Trade Secrets Act (contained in California Civil Code Sections 3426 et seq., as amended) (the "**Trade Secrets Act**"), and, in addition to the covenants, rights and remedies contained herein, the other Party, as applicable, shall receive all of the protections and be afforded any and all of the remedies available under the Trade Secrets Act. Without limiting other possible remedies for the breach of this covenant, the Parties agree that injunctive or other equitable relief shall be available to enforce this covenant, such relief to be available without the necessity of posting a bond. This Section 8.13 shall not prohibit or limit the exchange or disclosure of information between SMMC, the Company and their respective Affiliates.

Section 8.14 Third Party Beneficiary.

The Parties acknowledge and agree that KFH shall be an express third party beneficiary of this Agreement and shall have the exclusive right to enforce all rights of the Company set forth in this Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the Effective Date.

COMPANY:

ST. MARY MEDICAL CENTER, LLC,
a California limited liability company

By:_____
Name: [_____]
Title: Manager

By:_____
Name: [_____]
Title: Manager

SMMC:

ST. MARY MEDICAL CENTER,
a California nonprofit public benefit corporation

By: Covenant Health Network, its Member

By:_____
Name: Erik G. Wexler
Title: President

EXHIBIT A

FINANCIAL ASSISTANCE PLAN AND EMERGENCY CARE POLICY

Purpose:
The purpose of this policy is to set forth Providence Health & Services (PH&S)'s Financial Assistance and Emergency Medical Care policies, which are designed to promote access to medically necessary care for those without the ability to pay, and to offer a discount from billed charges for individuals who are able to pay for only a portion of the costs of their care. These programs apply solely with respect to emergency and other medically necessary healthcare services provided by PH&S. This policy and the financial assistance programs described herein constitute the official Financial Assistance Policy ("FAP") and Emergency Medical Care Policy for each hospital that is owned, leased or operated by PH&S within the state of California.

Policy:
PH&S is an affiliate of Providence Health & Services (PH&S), which is a Catholic healthcare organization guided by a commitment to its Mission and Core Values, designed to reveal God's love for all, especially the poor and vulnerable, through compassionate service. It is both the philosophy and practice of each PH&S ministry that medically necessary healthcare services are available to community members and those in emergent medical need, without delay, regardless of their ability to pay. For purposes of this policy, "financial assistance" includes charity care and other financial assistance programs offered by PH&S.

1. PH&S will comply with federal and state laws and regulations relating to emergency medical services and charity care. The hospital will provide, without discrimination, care for emergency medical conditions regardless of whether an individual is eligible for financial assistance. The hospital will not engage in actions that discourage individuals from seeking emergency medical care, such as by demanding that emergency department patients pay before receiving treatment for emergency medical conditions or by permitting debt collection activities that interfere with the provision, without discrimination, of emergency medical care.

2. PH&S will provide charity care to qualifying patients with no other primary payment sources to relieve them of all or some of their financial obligation for medically necessary PH&S healthcare services.

3. In alignment with PH&S's Core Values, PH&S will provide charity care to qualifying patients in a respectful, compassionate, fair, consistent, effective and efficient manner.

4. PH&S will not discriminate on the basis of age, race, color, creed, ethnicity, religion, national origin, marital status, sex, sexual orientation, gender identity or expression, disability, veteran or military status, or any other basis prohibited by federal, state, or local law when making charity care determinations.

5. In extenuating circumstances, PH&S may at its discretion approve financial assistance outside of the scope of this policy. Uncollectible/presumptive charity is approved due to but not limited to the following: social diagnosis, homelessness, bankruptcy, deceased with no estate, history of non-patient/guarantors inability to pay and why collection agency assignment would not result in resolution of the account.

6. This policy is to be interpreted and implemented so as to be in full compliance with California Assembly Bill 774, codified at Health and Safety Code Section 127400 *et. seq*., effective January 1, 2007, as revised by California State Senate Bill 350, effective January 1, 2008, Assembly Bill 1503 effective January 1, 2011 and SB 1276 effective 01/01/2015. All collection agencies working on behalf of PH&S shall comply with Health and Safety Code Section 127400 *et. seq*. as amended and applicable PH&S policies regarding collection agencies.

Definitions:

7. "**Charity Care**" refers to full financial assistance to qualifying patients, to relieve them of their financial obligation in whole for medically necessary or eligible elective health care services (full charity).

8. "**Discount Payment**" refers to partial financial assistance to qualifying patients, to relieve them of their financial obligation in part for medically necessary or eligible elective health care services (partial charity).

9. **Gross charges** are the total charges at the facility's full established rates for the provision of patient care services before deductions from revenue are applied. Gross charges are never billed to patients who qualify for partial charity or Private Pay Discounts.

10. **Private Pay Discount** is a discount provided to patients who do not qualify for financial assistance and who do not have a third party payor or whose insurance does not cover the service provided or who have exhausted their benefits.

11. **Emergency Physician** means a physician and surgeon licensed pursuant to Chapter 2 (commencing with Section 2000) of the Business and Professions Code who is credentialed by a hospital and either employed or contracted by the hospital to provide emergency medical services in the emergency department of the hospital, except that an "emergency physician" shall not include a physician specialist who is called into the emergency department of a hospital or who is on staff or has privileges at the hospital outside of the emergency department. Emergency room physicians who provide emergency medical services to patients at PH&S are required by California law to provide discounts to uninsured patients or patients with high medical costs who are at or below 350% of the federal poverty level.

12. **Providers Subject to PH&S's FAP:** All physicians and other providers rendering care to PH&S patients during a hospital stay are subject to these policies unless specifically identified otherwise. Attachment A indicates where patients may obtain the list(s) pertaining to all Providers who render care in the PH&S hospital departments, and whether or not they are subject to the PH&S Financial Assistance Policy. This list can be accessed online at www.providence.org, and is also available in paper form by request through the Financial Counselor at PH&S.

13. **Services Eligible Under the Policy**: This Financial Assistance and Emergency Care Policy applies to all services provided to eligible patients receiving emergency or medically necessary care or eligible elective care, including self-pay patients and co-payment liabilities required by third party payors, including Medicare and Medi-Cal cost-sharing amounts, in which it is determined that the patient is financially unable to pay. Medically necessary health care includes:

    a. Emergency services in the emergency department.
    b. Services for a condition that, if not promptly treated, would lead to an adverse change in the patient's health status.
    c. Non-elective services provided in response to life-threatening circumstances outside of the emergency department (direct admissions).
    d. Medically necessary services provided to Medicaid beneficiaries that are non-covered services.
    e. Any other medically necessary services determined on a case-by-case basis by PH&S.

14. Eligible Elective Health Care includes:

    a. Patients and their physicians may seek charitable services for elective, deferrable care. Elective care becomes eligible for charitable and discount services only when all of the following requirements are met:
        i. A member of the medical staff of a PH&S facility must submit the charitable services request;
        ii. The patients is already a patient of the requesting physician and the care is needed for good continuity of care; aesthetic procedures are not eligible for charitable services;
        iii. The physician will provide services at the same discount rate as determined by the hospital per charity guidelines of this policy, up to and including free care;
        iv. The patient lives within our services area (as determined by PH&S); and
        v. The patient completes a Financial Assistance Application and receives approval in writing from PH&S prior to receiving the elective care.

15. **Eligibility for Charity** shall be determined by an inability to pay defined in this policy based on one or more of the following criteria:

a. **Presumptive Charity** – Individual assessment determines that Financial Assistance Application is not required because:
   i. Patient is without a residence address (e.g. homeless);
   ii. Services deemed eligible under this policy but not covered by a third party payor were rendered to a patient who is enrolled in some form of Medicaid (Medi-Cal for California residents) or State Indigency Program (e.g. receiving services outside of Restricted Medi-Cal coverage) or services were denied Medi-Cal treatment authorization, as financial qualification for these programs includes having no more than marginal assets and a Medi-Cal defined share of cost as the maximum ability to pay; and/or
   iii. Patient's inability to pay is identified via an outside collection agency income/asset search. Should the agency determine that a lawsuit will not be pursued, the account will be placed in an inactive status, where a monthly PH&S review will determine further action, including possible charity acceptance and cancellation from the agency and removal of credit reporting.
   iv. Patient's inability to pay is identified by Regional Business Office staff through an income/asset search using a third party entity.

b. **Charity** – Individual assessment of inability to pay requires:
   i. Completion of a Financial Assistance Application for the Mary Potter Program for Human Dignity for all facilities in the PHSSC Region;
   ii. Validation that a patient's gross income is less than three times (300%) the Federal Poverty Guidelines (FPG) applicable at the time the patient has applied for financial assistance. A patient with this income level will be deemed eligible for 100% charity care; and/or
   iii. Validation that a patient's gross income is between 100% and 350% of the FPG applicable at the time the patient has applied for financial assistance and that their individual financial situation (high medical costs, etc.) makes them eligible for possible discount payment (partial charity care) or 100% charity care. Facility may consider income and monetary assets of the patient in assessing the patient's individual financial situation. Monetary assets, however, shall not include retirement or deferred compensation plans qualified under the Internal Revenue Code, or nonqualified deferred compensation plans. Further, the first ten thousand dollars ($10,000) of a patient's monetary assets shall not be counted in determining eligibility, nor shall 50 percent of a patient's monetary assets over the first ten thousand dollars ($10,000) be counted in determining eligibility. Information obtained about income and monetary assets, however, shall not be used for collections activities.
   iv. Patients with gross income at or below 350% of FPG will never owe more than 100% of the amount of payment the hospital would expect, in good faith, to receive for providing services from Medicare, Medi-Cal, the Healthy Families Program, or another government-sponsored program of health benefits in which the hospital where treatment was received participates, whichever is greater. This amount shall be verified at least annually. If the hospital where treatment was received provides a service for which there is no established payment by Medicare or any other government-sponsored program of health benefits in which the hospital participates, the hospital shall establish and appropriate discounted payment. A patient with a gross income exceeding 350% of FPG will owe no more than the applicable private pay inpatient or outpatient discounted reimbursement rate, or stated co-pay amount, whichever is less. In addition, uninsured and insured patients with gross incomes at or below 350% of FPG who incur total medical expenses in excess of ten percent (10%) of gross annual income during the prior 12 months will receive 100% charity benefit. Eligible costs for charity write off shall include only the patient liability amounts after insurance is billed and insurance liability amounts collected.

   Note: Gross charges never apply to patients who qualify for partial charity or private pay discounts. Once gross charges are adjusted to the appropriate Medicare or private pay rate, the patient liability will not change even if eventually referred to a collection agency.

16. Basis for Calculating Amounts Charged to Patients Eligible for Financial Assistance

a. Categories of available discounts and limitations on charges under this policy include

   i. **100 Percent Discount/Free Care:** Any patient or guarantor whose gross family income, adjusted for family size, is at or below 300% of the current federal poverty level ("FPL") is eligible for a 100 percent discount off of total hospital charges for emergency or medically necessary care, to the extent that the patient or guarantor is not eligible for other private or public health coverage sponsorship.

   ii. **Discounts Off Charges at 75 Percent :** The PH&S sliding fee scale set forth in Attachment B will be used to determine the amount of financial assistance to be provided in the form of a discount of 75 percent for patients or guarantors with incomes between 301% and 350% of the current federal

poverty level after all funding possibilities available to the patient or guarantor have been exhausted or denied and personal financial resources and assets have been reviewed for possible funding to pay for billed charges. Financial assistance may be offered to patients or guarantors with family income in excess of 350% of the federal poverty level when circumstances indicate severe financial hardship or personal loss.

iii. **Limitation on Charges for all Patients Eligible for Financial Assistance**: Limitation on Charges for all Patients Eligible for Financial Assistance: No patient or guarantor eligible for any of the above-noted discounts will be personally responsible for more than the "Amounts Generally Billed" (AGB) percentage of gross charges, as defined in Treasury Regulation Section 1.501(r)-1(b)(2), by the applicable PH&S hospital for the emergency or other medically necessary services received. PH&S determines AGB by multiplying the hospital's gross charges for any emergency or medically necessary care by a fixed percentage which is based on claims allowed under Medicare. Information sheets detailing the AGB percentages used by each PH&S Hospital, and how they are calculated, can be obtained by visiting the following website: www.providence.org or by calling: **1-866-747-2455** to request a paper copy. In addition, the maximum amount that may be collected in a 12 month period1 for emergency or medically necessary health care services to patients eligible for financial assistance is 20 percent of the patient's gross family income, and is subject to the patient's continued eligibility under this policy.

17. Charity Care is not:

a. **Bad Debt**: A bad debt results from a patients unwillingness to pay or from a failure to qualify for financial assistance that would otherwise prove an inability to pay;
b. **Contractual adjustment**: The difference between the retail charges for services and the amount allowed by a governmental or contracted managed care payor for covered services that is written off; or
c. **Other Adjustments**:
   i. **Service Recovery Adjustments** are completed when the patient identifies a less than optimal patient care experience;
   ii. **Risk Management Adjustments**: where a potential risk liability situation is identified and Providence Risk Management has elected to absorb the cost of care and not have the patient billed;
   iii. **Payor Denials**: where the facility was unable to obtain payment due to untimely billing per contractual terms; or retroactive denial of service by a managed care payor where appeal is not successful.

18. **Reasonable Payment Plan**: a default plan required by SB 1276 for patients qualifying for partial charity when a negotiated plan cannot be reached.SB 1276 defines the plan as monthly payments that are not more than 10% of a patient's family income for a month, excluding deductions for essential living expenses.

a. "**Essential Living Expenses**" means, for purposes of this subdivision, expenses for any of the following: rent or house payment and maintenance, food and household supplies, utilities and telephone, clothing, medical and dental payments, insurance, school or child care, child or spousal support, transportation and auto expenses, including insurance, gas, and repairs. Installment payments, laundry and cleaning, and other extraordinary expenses. Emergency Department physicians and their assignees may rely upon the hospital's determination of income and expenses in establishing a reasonable payment plan.

Evaluation Process:
Patients or guarantors may apply for financial assistance under this Policy by any of the following means: (1) advising PH&S's patient financial services staff at or prior to the time of discharge that assistance is requested, and submitting an application form and any documentation if requested by PH&S; (2) downloading an application form from PH&S' website, at www.providence.org, and submitting the form together with any required documentation; (3) requesting an application form by telephone, by calling: **1-866-747-2455**, and submitting the form; or (4) any other methods specified in PH&S's Billing and Collections Policy. PH&S will display signage and information about its financial assistance policy at appropriate access areas. Including but not limited to the emergency department and admission areas.

A person seeking charity care will be given a preliminary screening and if this screening does not disqualify him/her for charity care, an application will be provided with instructions on how to apply. As part of this screening process PH&S will review whether the guarantor has exhausted or is not eligible for any third-party payment sources. Where the guarantor's

[1] The 12 month period to which the maximum amount applies shall begin on the first date, after the effective date of this policy, an eligible patient receives health care services that are determined to be eligible (e.g. medically necessary services).

identification as an indigent person is obvious to PH&S a prima-facie determination of eligibility may be made and in these cases PH&S may not require an application or supporting documentation.

A guarantor who may be eligible to apply for charity care after the initial screening will have until fourteen (14) days after the application is made or two hundred forty (240) days after the date the first post-discharge bill was sent to the patient, whichever is later, to provide sufficient documentation to PH&S to support a charity determination. Based upon documentation provided with the charity application, PH&S will determine if additional information is required, or whether a charity determination can be made. The failure of a guarantor to reasonably complete appropriate application procedures within the time periods specified above shall be sufficient grounds for PH&S to initiate collection efforts.

An initial determination of sponsorship status and potential eligibility for charity care will be completed as closely as possible to the date of service.

PH&S will notify the guarantor of a final determination in writing within ten (10) business days of receiving the necessary documentation.

The guarantor may appeal the determination of ineligibility for charity care by providing relevant additional documentation to PH&S within thirty (30) days of receipt of the notice of denial. All appeals will be reviewed and if the determination on appeal affirms the denial, written notification will be sent to the guarantor and the Department of Health in accordance with state law. The final appeal process will conclude within thirty (30) days of the receipt of a denial by the applicant. Other methods of qualifications for Financial Assistance may fall under the following:

- The legal statue of collection limitations has expired;
- The guarantor has deceased and there is no estate or probate;
- The guarantor has filed bankruptcy;
- The guarantor has provided financial records that qualify him/her for financial assistance; and/or
- Financial records indicate the guarantor's income will never improve to be able to pay the debt, for example with guarantors on lifetime fixed incomes.

Billing and Collections: Any unpaid balances owed by patients or guarantors after application of available discounts, if any, may be referred to collections in accordance with PH&S's uniform billing and collections policies. For information on PH&S' billing and collections practices for amounts owed by patients or guarantors, please see PH&S's Billing and Collections Policy, which is available free of charge at each PH&S hospital's registration desk, at: www.providence.org; or which can be sent to you if you call: **1-866-747-2455**.

Attachment A to Financial Assistance Plan and Emergency Care Policy

Hospital-Based Providers Not Subject to PH&S's Financial Assistance Policy and Associated Discounts

A list is available of all Providers who render care in the PH&S Hospital, and whether or not they are subject to the PH&S Financial Assistance Policy. This list can be accessed online at www.providence.org, or is available in paper form by request through the Financial Counselor at the Hospital. If a Provider is not subject to the Financial Assistance Policy then that Provider will bill patients separately for any professional services that that Provider provides during a patient's hospital stay, based on the Provider's own applicable financial assistance guidelines, if any.

Attachment B to Financial Assistance Plan and Emergency Care Policy

PH&S CA Charity Care Percentage Sliding Fee Scale

For guarantors with income and assets above 300% of the FPL household income and assets are considered in determining the applicability of the sliding fee scale.

Assets considered for evaluation; IRA's, 403b, 401k are exempt under this policy, unless the patient is actively drawing from them. For all other assets, the first $10,000 is exempt.

Income and assets as a percentage of Federal Poverty Guideline Level	Percent of discount (write-off) from original charges	Balance billed to guarantor
100-300%	100%	0%
301-350%	75%	25%

EXHIBIT B

CASH MANAGEMENT ADDENDUM

1. Deposit Accounts.

a. Company shall maintain the deposit account(s) in its name identified on Schedule 1 to this Exhibit B (the "**Deposit Accounts**") at the financial institution(s) identified on Schedule 1 to this Exhibit B. In accordance with applicable policies of Company in effect from time to time, Company shall cause all receipts of Company, cash contributions of the members of Company and all other amounts from third-party remittances (including, without limitation, amounts representing reserves) to be deposited into the Deposit Accounts on or not later than one (1) Business Day after receipt or as soon as the circumstances permit.

b. All amounts on deposit in the Deposit Accounts shall be transferred to the SMMC Manager Account on a daily basis, or on such other basis and in such manner as from time to time may be determined by SMMC and Company; provided, however, all Company funds transferred to the SMMC Manager Account shall not be comingled with other funds of SMMC or any of SMMC's Affiliates without the Company's prior approval.

2. Cash Sweeps and Disbursements.

a. SMMC shall maintain the account identified on Schedule 1 to this Exhibit B at the financial institution identified on Schedule 1 to this Exhibit B (the "**SMMC Manager Account**").

b. All funds deposited in the Deposit Accounts, and all funds swept from the Deposit Accounts into the SMMC Manager Account, shall be and remain the property of Company and, subject to the terms hereof, SMMC shall have the status of a bailee of any such funds. SMMC shall have the power to cause amounts to be transferred into or out of the Deposit Accounts and the SMMC Manager Account and Company shall execute such authorizations, evidences of authority, and other instruments as SMMC may from time to time reasonably request in connection with this Exhibit B.

3. Investments. Any investments made by Company funds held in either the Deposit Accounts or the SMMC Manager Account shall require the prior approval of Company.

Schedule 1 to Exhibit B

Accounts

Deposit Account(s) of Company

	Account Name	Account #	ABA Routing #	Bank Name
1.	St. Mary Medical Center, LLC		[_____]	[_____]

SMMC Manager Account

	Account Name	Account #	ABA Routing #	Bank Name
1.	St. Mary Medical Center Management Account		[_____]	[_____]

EXHIBIT C

SYSTEM/REGION COST ALLOCATION METHODOLOGY

System and Regional Cost Allocation Methodology for the Company

The Parties acknowledge that certain health ministries ("**Ministries**") within Providence St. Joseph Health System (the "**System**") have come together as a region within Southern California (the "**Providence Southern California Region**"), and that certain functions and services support all of the Ministries throughout the Providence Southern California Region and that certain functions and services support all of the Ministries with the System. In order to allocate the costs of these regional and system-wide functions and amongst the Ministries, the System implements a cost allocation that includes both regional costs and system costs (the "**Cost Allocation**"). The Parties agree that the methodology for determining the Cost Allocation for the Company in any given year for the shared functions and services that support all Ministries within the Providence Southern California Region (the "**Region Costs**") and all Ministries within the System (the "**System Costs**") shall be consistent with that of all other acute care hospitals within the Providence Southern California Region.

1. **System/Region Cost Allocation Methodology**.

   a. Region Costs: The Parties agree that the Region Costs are allocated amongst all acute care hospitals within the Providence Southern California Region (excluding Hoag hospitals) based on a percent of Total Operating Expense of all such hospitals. Each year, the Region Costs allocated to the Company shall be set forth in the Company's annual operating budget and approved by the Board of Managers of the Company in accordance with the Company's operating agreement.

   b. System Costs: The Parties agree that System Cost allocation amongst all acute care hospitals within the System vary depending on the type of System Cost. As an example, Human Resources related costs are allocated on a per FTE basis whereas Revenue Cycle costs are allocated on a Net Service Revenue basis. Each year, the System Costs allocated to the Company shall be set forth in the Company's annual operating budget and approved by the Board of Managers of the Company in accordance with the Company's operating agreement.

EXHIBIT D

BUSINESS ASSOCIATE ADDENDUM

The Parties acknowledge and agree that St. Mary Medical Center, LLC, a California limited liability company ("Covered Entity") is a Covered Entity (as defined by HIPAA) and St. Mary Medical Center, a California nonprofit public benefit corporation and its affiliated healthcare organizations ("Business Associate") is a Business Associate (as defined by HIPAA) of Covered Entity when Business Associate creates, receives, maintains, transmits, uses or discloses Protected Health Information (as defined in HIPAA) ("PHI") on behalf of Covered Entity.

A. HIPAA and HITECH Dominance. In the event of a conflict or inconsistency between the terms of any other agreement between the Parties and this language, this BAA language controls. This language is intended to comply with the Health Insurance Portability and Accountability Act of 1996 as well as the Health Information Technology for Economic and Clinical Health Act (found in Title XIII of the American Recovery and Reinvestment Act of 2009), as amended, and all final regulations issued pursuant to such Acts ("HIPAA" and "HITECH"). Capitalized terms used in this BAA without definition shall have the respective meanings assigned to such terms by HIPAA and HITECH and their implementing regulations as amended from time to time.

B. Business Associate. Furthermore, Business Associate acknowledges that to the extent that it is a "Business Associate", it will comply with the business associate provisions of HITECH in the performance of such services as of the date that compliance is required under HITECH.

C. Protected Health Information. This BAA applies to all PHI in the Business Associate's possession and/or under its control that was collected, created, received, maintained by or on behalf of, or transmitted to or from the Covered Entity.

D. Agents and Subcontractors. Business Associate will require that its agent(s) and subcontractor(s) agree to the same restrictions and obligations as Business Associate. Business Associate also will require its agent(s) and subcontractor(s) to agree to implement reasonable administrative, physical and technical safeguards to protect the confidentiality, integrity and availability of all the Covered Entity's PHI.

E. Permissible Uses of PHI.

1. Using and Disclosing PHI. Business Associate may use or disclose PHI as permitted by this BAA or as required by law. Business Associate may use PHI to directly perform services pursuant to this Management Services Agreement and BAA, including data aggregation services. Furthermore, the Business Associate may only use or disclose PHI to the extent that the Covered Entity is permitted to use and disclose PHI and, only if, the Covered Entity has delegated that use or disclosure to the Business Associate.

2. Minimum Necessary. The Covered Entity will provide Business Associate with the minimum amount of PHI required by Business Associate to perform services pursuant to this BAA. Business Associate will make reasonable efforts to limit its use and disclosure of PHI to the minimum necessary to accomplish the intended purpose of the use, disclosure, or request.

3. Business Associate Management Uses of PHI. Business Associate may use PHI as necessary for the proper management and administration of Business Associate or to carry out the legal responsibilities of Business Associate.

4. Business Associate Management Disclosures of PHI. Business Associate may disclose PHI as necessary for the proper management and administration of Business Associate, or to carry out the legal responsibilities of Business Associate provided that: (i) the disclosure is required by law; or (ii) Business Associate obtains reasonable assurances from the person to whom the PHI is disclosed that it will be held confidentially and used or further disclosed only as required by law or for the purposes for which it was disclosed to the person, and that it will notify Business Associate of any instances of which it is aware in which the confidentiality of the information has been breached.

5. To the extent Business Associate carries out Covered Entity's obligations under the HIPAA Privacy Rule, Business Associate must comply with the HIPAA Privacy Rule provisions that apply to the Covered Entity when performing such obligations.

F. Security and Reporting.

1. Safeguards. Business Associate agrees to implement reasonable administrative, physical and technical safeguards to protect the confidentiality, integrity and availability of all PHI, and comply where applicable with the HIPAA Security Rule with respect to electronic PHI.

2. Reports. Business Associate shall:

a) Report to Covered Entity any use or disclosure of PHI not permitted by this BAA without unreasonable delay and no later than ten (10) calendar days of making a determination that such unpermitted use, disclosure or incident has occurred.;

b) Report to Covered Entity any Security Incident of which Business Associate becomes aware that is not an Unsuccessful Security Incident without unreasonable delay and no later than ten (10) calendar days of making a determination that such Security Incident has occurred;

c) In summary form, upon request of Covered Entity, report to Covered Entity any Unsuccessful Security Incident of which Business Associate becomes aware. If the definition of "Security Incident" in the HIPAA regulation is modified to remove the requirement for reporting "unsuccessful" security incidents, section 2(c) above will no longer apply as of the effective date of such regulation modification. "Unsuccessful Security Incident" means a Security Incident that does not involve unauthorized access, use, disclosure, modification, or destruction of electronic PHI or

interference with an Information System in a manner that poses a material threat to the confidentiality, integrity, or availability of the electronic PHI.

G. HITECH. Each party will comply with each obligation applicable to such party under HITECH as of the date that compliance with such obligation is required under the same. In furtherance thereof:

1. Each provision that is required to be included in business associate agreements pursuant to HIPAA and HITECH and is not already set forth in this BAA is hereby incorporated into this BAA by reference;

2. Business Associate agrees to notify the Covered Entity in writing, no later than ten (10) calendar days after discovery of a breach involving PHI, and:

a) Business Associate will include within the notice to Covered Entity of the breach the identity of each Individual whose Unsecured PHI has been, or is reasonably believed by Business Associate to have been, accessed, acquired, or disclosed during the breach. Such notice also will include, or will be supplemented by Business Associate, without unreasonable delay and in no case later than thirty (30) calendar days after the discovery of the breach, to include: (i) a brief description of the breach; (ii) a description of the types of Unsecured PHI involved;(iii) the identity of the person or persons who committed the breach (if known) and who received the information; (iv) the steps Business Associate is taking to investigate the breach, the steps Business Associate is taking to mitigate harm to the Individuals whose PHI was breached, and the corrective action Business Associate has or will take to prevent further breaches; (v) any steps Individuals should take to protect themselves from potential harm resulting from the breach; (vi) any steps Covered Entity should take to protect itself and affected Individuals from potential harm resulting from the breach; and (vii) contact procedures so Covered Entity's Privacy Officer or other representative may contact Business Associate to ask questions or learn additional information regarding the breach. Business Associate shall provide additional information necessary for any notification of Individuals pursuant to 45 C.F.R. § 164.404 promptly upon request of Covered Entity.

b) A breach shall be treated as discovered by Business Associate as of the first day on which such breach is known to Business Associate, or, by exercising reasonable diligence, would have been known to Business Associate.

c) The determination of whether any breach compromises the security or privacy of PHI shall be made by Covered Entity in consultation with Business Associate.

d) Subject to (e) below, Covered Entity shall retain full responsibility for any and all notifications to Individuals (unless delegated to Business Associate in writing, at the discretion of Covered Entity) and any and all notifications to the media and/or Secretary. Covered Entity shall maintain a log for any and all breaches, as required under the Breach Notification Rule.

e) Business Associate shall fully cooperate in good faith with Covered Entity's investigation of any breach of PHI, and in any notifications to Individuals, the Secretary, and/or the media undertaken by Covered Entity.

3. Business Associate will document certain disclosures of PHI and information related to such disclosures and provide an accounting of such disclosures in accordance with HIPAA and HITECH.

H. Patient Rights With Respect To PHI. To the extent that Business Associate maintains a Designated Record Set on behalf of the Covered Entity, Business Associate agrees to make such PHI available to Covered Entity upon Covered Entity's reasonable request in a manner that permits Covered Entity to comply with the HIPAA individual access standard at 45 C.F.R. §164.524 or the HIPAA amendment standard at 45 C.F.R. §164.526. Business Associate shall incorporate any amendments to PHI maintained by Business Associate in a Designated Record Set in accordance with 45 C.F.R. § 164.526.

I. Notification of Restrictions to Use or Disclosure of PHI. Covered Entity will notify Business Associate of any restrictions to the use or disclosure of PHI that Covered Entity has agreed to in accordance HIPAA and HITECH to the extent that such restrictions or confidential communication may affect Business Associate's use or disclosure of such PHI.

J. Notice of Patient Contact. Business Associate will promptly notify the privacy officer of Covered Entity if a patient contacts Business Associate directly with a request for access, amendment, or an accounting of disclosures.

K. Amendment. Upon enactment of any law, regulation, court decision or relevant government publication and/or interpretive policy affecting the use or disclosure of PHI, the parties agree to amend this BAA to comply with the same.

L. Access for Audit. Business Associate will make its internal practices, books and records relating to the use and disclosure of any PHI available to the Secretary or any other authorized government investigators for purposes of determining the Covered Entity's compliance with HIPAA.

M. Indemnification. To the extent permitted by law, each Party (as the "indemnifying Party") agrees to indemnify and hold harmless the other Party (as the "indemnified Party") from and against all claims, demands, liabilities, judgments or causes of action of any nature for any relief, elements of recovery or damages recognized by law (including, without limitation, reasonable attorney's fees, defense costs, costs of breach notification and mitigation, regulatory investigations, including but not limited to, those by the HHS Office for Civil Rights or state regulatory agencies, and equitable relief), for any damage or loss incurred by the indemnified Party to the extent arising out of, resulting from, or attributable to any acts or omissions or other conduct of the indemnifying Party or Subcontractors or agents in connection with the performance of the indemnifying Party's duties under this Addendum, including but not limited to breach notification costs and expenses, and attorneys' fees. This indemnity shall not be construed to limit either Party's rights, if any, to common law indemnity.

N. Termination of Relationship.

1. Covered Entity - Termination and Cure. In the event of Business Associate's material failure to comply with this BAA, the Covered Entity may terminate its relationship with Business Associate upon 30-days advanced written notice to Business Associate; provided, however, that Business Associate has not cured the material failure to comply within 30-days after receiving written notice from the Covered Entity.

2. Business Associate - Termination and Cure. In the event of Covered Entity's material failure to comply with this BAA, the Business Associate may terminate its relationship with Covered Entity upon 30-days advanced written notice to Covered Entity; provided, however, that Covered Entity has not cured the material failure to comply within 30-days after receiving written notice from Business Associate.

3. PHI Obligations upon Termination or Expiration. Unless Business Associate is required by law to maintain PHI, Business Associate will return (and not retain any copies of) all PHI in its possession or under its control within 30 days after the termination/expiration of this BAA. If Business Associate is unable to return PHI, then Business Associate will notify the Covered Entity of the reasons for being unable to return PHI in writing and must, at a minimum, maintain PHI as required by this BAA and HIPAA for so long as the Covered Entity's PHI exists.

O. Survival. The respective rights and obligations of the parties under this BAA, including without limitation the obligations of the Business Associate under Section M, Termination of Relationship, shall survive termination of the BAA to the extent necessary to fulfill their purposes.

EXHIBIT C

SMMC LICENSE AGREEMENT

[See attached]

TRADEMARK LICENSE AGREEMENT

This Trademark License Agreement (this "Agreement") is made and entered into effective [_____ ___, 202_] (the "Effective Date") between Providence St. Joseph Health, a Washington nonprofit corporation ("Licensor"), and St. Mary Medical Center, LLC, a California limited liability company ("Licensee"). Licensor and Licensee are collectively referred to in this Agreement as the "Parties" and each a "Party".

RECITALS

A. Licensor is the owner of the trademarks ("Licensed Marks") set forth in Exhibit A. Licensor is a Catholic-sponsored integrated healthcare system exempt from federal income tax as an organization described in IRC §501(c)(3), meeting the healthcare needs of the communities it serves through compassionate service for over 150 years. St. Mary Medical Center, a California nonprofit public benefit corporation ("SMMC"), is a subsidiary of Licensor.

B. Licensee was formed as a limited liability company pursuant to the California Revised Uniform Limited Liability Company Act for the purposes of owning and operating the SMMC Business (as defined in Licensee's Operating Agreement of even date herewith (as such may be amended from time to time, the "Operating Agreement")), which includes the SMMC Hospital (as defined in the Operating Agreement) and capitalizing and constructing a replacement facility for the SMMC Hospital in the High Desert region of California (the "New SMMC Hospital"). Kaiser Foundation Hospitals ("KFH") and SMMC are the only members of Licensee.

C. In addition, Licensee, SMMC, KFH, and Kaiser Foundation Health Plan, Inc., a California nonprofit public benefit corporation, are parties to that certain Affiliation Agreement dated [_____ ___, 20__] (the "Affiliation Agreement"), which in addition to the Operating Agreement, sets for certain terms related to the operation of the New SMMC Hospital, including execution of this License Agreement in order to enable the Parties to co-brand the New SMMC Hospital.

D. Licensee desires a license from Licensor under the Licensed Marks for the Licensed Services and Affiliation (as defined below), and Licensor is willing to grant the same upon the terms and conditions hereinafter recited.

AGREEMENT

NOW, THEREFORE, in consideration of the agreements, covenants, representations, and warranties set forth in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties acknowledge the accuracy and completeness of the foregoing recitals, and agree as follows:

1. Grant of License. During the Term of this Agreement, Licensor hereby grants to

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Licensee a limited, nontransferable, nonassignable, revocable, nonexclusive right, without the right to sublicense, to use the Licensed Marks, solely and only in the Territory (as defined below), on and in connection with the display, advertising, promotion, marketing, and operation of the SMMC Hospital, the New SMMC Hospital and the services rendered there, and the affiliation between the Parties generally (collectively, the "Licensed Services and Affiliation"), which shall at all times be consistent with (A) this Agreement, and (B) the Operating Agreement, including without limitation the Branding Program (as defined in the Operating Agreement) (the "License"). Licensee may permit third parties to use the Licensed Marks, including Kaiser Permanente (as defined below), but only to the extent necessary to directly identify, promote, market, advertise, create promotional materials, health education materials, public relations materials, professional educational materials and art, and in all media, including electronic, digital, Internet, and print media, the Licensed Services and Affiliation, and provided KFH ensures that such third party use is in compliance with the terms of this Agreement, and for no other purpose. "Kaiser Permanente" means the entities participating in the Kaiser Permanente Medical Care Program, including KFH, Kaiser Foundation Health Plan, Inc., Kaiser Permanente Insurance Company, the Permanente Medical Groups, The Permanente Federation, LLC, and all subsidiaries and successors of the foregoing, as well as ad agencies and contractors hired by any such entities. All rights of Licensor in and to the Licensed Marks not expressly granted under this Section 1 are reserved by Licensor. Licensee shall not combine any Licensed Mark with any other trademarks, trade names, or logos in a manner that would (or would be reasonably likely to) be construed as a composite trademark (for clarity, co-branding as contemplated herein and under the Affiliation Agreement and Operating Agreement is acceptable).

2. Territory. For purposes of this Agreement, "Territory" shall mean the areas of California covered by the following zip codes: 92301, 92307, 92308, 92342, 92344, 92345, 92356, 92368, 92371, 92372, 92392, 92394, 92395, 92397.

3. Term. The term ("Term") of this Agreement shall begin on the Effective Date and shall continue until termination of the Affiliation Agreement, or subject to earlier termination in accordance with the termination provisions of this Agreement. Upon termination of this Agreement, Licensee shall immediately discontinue all use of the Licensed Marks.

4. Indemnification and Protections.

A. Licensee shall assist Licensor, to the extent necessary, to protect any of Licensor's rights to the Licensed Marks, and Licensor, if it so desires and in its sole discretion, may commence or prosecute any claims or suits in its own name or in the name of Licensee or join Licensee as a party thereto. Licensee shall notify Licensor in writing of any infringements or imitations by others of the Licensed Marks of which it is aware. Licensor shall have the sole right to determine whether or not any action shall be taken on account of such infringements or imitations. Licensee shall not institute any suit or take any action on account of any such infringements or imitations without first obtaining the written consent of Licensor to do so. Licensee agrees that it is not entitled to share in any proceeds received by Licensor (by settlement or otherwise) in connection with any formal or informal action brought by Licensor hereunder with respect to the Licensed Marks.

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B. Licensee hereby agrees to indemnify, defend, and hold Licensor, its members, affiliates, directors, officers, employees, agents, representatives, successors and assigns harmless from any claims, suits, damages, and costs (including attorneys' fees and expenses) arising out of (i) any unauthorized use of or infringement of any intellectual property right by Licensee not involving a claim of right to the Licensed Marks, (ii) alleged defects or deficiencies in said Licensed Services and Affiliation or the use thereof, or false advertising, fraud, misrepresentation or other claims related to the Licensed Services and Affiliation not involving a claim of right to the Licensed Marks, (iii) the breach by Licensee of this Agreement or any applicable law or regulation, (iv) libel or slander against, or invasion of the right of privacy, publicity or property of, or violation or misappropriation of any other right of any third party, (v) the injury or alleged injury of any person and/or (vi) agreements or alleged agreements made or entered into by Licensee to effectuate the terms of this Agreement. Licensor shall give Licensee notice of the making of any claim or the institution of any action hereunder and Licensor may at its option participate in any action. The indemnification hereunder shall survive the expiration or termination of this Agreement.

5. Insurance. Licensee agrees to obtain, at its own cost and expense, comprehensive general liability insurance from an insurance company reasonably acceptable to Licensor, providing adequate protection for Licensor against any claims or suits arising out of any of the circumstances described in paragraph 5(B) above, in an amount no less than $5,000,000.00 (five million dollars) per incident or occurrence, or Licensee's standard insurance policy limits, whichever is greater, and with a reasonable deductible in relation thereto. Such insurance shall remain in force at all times during the Term and for a period of five (5) years thereafter. Within thirty (30) days from the Effective Date, Licensee will submit to Licensor a fully paid policy or certificate of insurance naming Licensor as an additional insured party and requiring that the insurer shall not terminate or modify such policy or certificate of insurance without written notice to Licensor at least thirty (30) days in advance thereof.

6. Copyright and Trademark Notices and Registrations. All uses of the Licensed Marks shall include any notice designations legally required or useful for enforcement of copyright, trademark or service mark rights (e.g., "©," "®," "SM" or "TM") as determined solely by Licensor. Licensor shall have the right to revise the above notice requirements and to require some other notices as shall be reasonably necessary to protect the interest of Licensor in the Licensed Marks. Upon request, Licensee will deliver to Licensor the required number and type of specimen samples necessary for use in procuring copyright, trademark and/or service mark registrations with respect to the Licensed Marks in the name of Licensor. Licensor shall be solely responsible for taking such action as it deems appropriate to obtain such copyright, trademark or service mark registrations for the Licensed Marks.

Licensee also agrees that, in any case where it employs the services of photographers, graphic designers, artists, or other similar third party service providers in connection with the production, promotion, marketing or distribution of the Licensed Services and Affiliation, it will require each such photographer, graphic designer, artist or other similar individual to agree in writing that the photographic, graphic, artistic or other similar works he, she or it produces for Licensee shall be "works made for hire" for the purpose of the copyright laws, and that to the extent

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such photographic, graphic, artistic or other similar works may not qualify as "works made for hire," the copyright in each such work is assigned to Licensor, but only to the extent that such work features the Licensed Marks and only for the portion of such work that features the Licensed Marks. Licensee hereby assigns to Licensor all copyrights Licensee obtains from such works made for hire engagements but only to the extent that such work features the Licensed Marks and only for the portion of such work that features the Licensed Marks.

7. Approvals; Quality Control.

Prior to any use, sale, display, publication or distribution to the public of any items bearing the Licensed Marks, Licensee shall supply Licensor with a sample of such item. Licensor shall review the sample and will use commercially reasonable efforts to within thirty (30) days of receipt notify Licensee of its approval or objections to said use. Such samples shall also be sent upon any change in design, style or quality, which shall necessitate subsequent approval by Licensor; provided, however, that if Licensor does not object to any such change in design, style or quality within thirty (30) days of its submission by Licensee, such change in design, style or quality shall automatically be deemed approved by Licensor. Upon Licensor's approval, photographs may be provided as samples where it is not feasible to provide an original sample.

All Licensed Services shall be maintained at a standard that is equivalent in Licensor's determination to other goods and services that are provided or licensed by Licensor. Licensee shall maintain all goods and services bearing the Licensed Marks at a high quality standard reasonably acceptable to Licensor. Licensor also has the right to inspect any goods or services covered by this Agreement at any time to ensure that the goods and services are maintained at a high quality standard reasonably acceptable to Licensor.

8. Goodwill. Licensee recognizes the great value of the publicity and goodwill associated with the Licensed Marks owned by Licensor and in such connection, acknowledges that such goodwill belongs exclusively to Licensor, and that the Licensed Marks owned by Licensor have acquired a secondary meaning in the minds of the purchasing public.

9. Specific Undertakings of Licensee. During the Term, and each additional license period if any thereafter, Licensee agrees that:

A. Licensee will not acquire any rights in the Licensed Marks as a result of its use and all use of the Licensed Marks shall inure to Licensor's benefit. In the event Licensee acquires any rights in the Licensed Marks, Licensee hereby assigns all such rights and any associated goodwill to Licensor.

B. It will not, directly or indirectly, attack the title of Licensor to the Licensed Marks, or any similar mark, as determined by Licensor, or any copyright, trademark or service mark pertaining thereto, nor will it attack the validity of the License granted hereunder, or use the Licensed Marks in any manner other than as licensed and permitted hereunder.

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C. It will not at any time use any other trademark or service mark similar to any Licensed Mark, as determined by Licensor, or apply to register or register any copyright, trademark, or service mark similar to any Licensed Mark, as determined by Licensor, or file any document with any governmental authority or take any action which would affect the ownership of the Licensed Marks or aid or abet anyone in doing so.

D. It will not intentionally harm, misuse or bring into disrepute any Licensed Mark.

E. It will sell, promote, advertise and distribute the Licensed Services and Affiliation in a legal and ethical manner, in compliance with all applicable laws, rules, and regulations and in accordance with the terms and intent of this Agreement.

F. It will not create any expenses chargeable to Licensor without the prior written approval of Licensor.

G. It will not use any trademark, service mark, name, logo or copyright of Licensor aside from the Licensed Marks, without the express written approval of Licensor or unless Licensor has expressly required such use.

H. It will comply with all laws, regulations and standards that apply to the Licensed Services.

I. It will not disclose any confidential, private, restricted or otherwise nonpublic information concerning Licensor which, it acknowledges, it may become privy to during the Term of this Agreement.

10. Termination. Licensor shall have the right to terminate this Agreement without prejudice to any other rights which it may have, whether under the provisions of this Agreement, in law or in equity or otherwise, upon the occurrence of any one or more of the following events (a "Default" or "Defaults"):

A. If Licensee fails to deliver to Licensor or to maintain in full force and effect the insurance referred to in Section 5 hereof;

B. If Licensee shall materially breach any of the terms of this Agreement; and/or

C. Upon termination of the Affiliation Agreement.

In the event any of these Defaults occur and Licensor desires to exercise its right of termination under the terms of this Section 10, termination will not be effective until Licensor provides Licensee with written notice of any alleged Default and Licensee then has (i) ten (10) days in which to completely cure such alleged Default with regard to 11(A) (any insurance that is issued

must be retroactive to the effective date of this Agreement); (ii) with regard to 11(B) and (C), thirty (30) days in which to completely cure such alleged Default or such-longer period of time as Licensor may agree to if Licensee is diligently attempting to completely cure such alleged Default. Any cure Licensee offers must be satisfactory to Licensor.

In the event any of these Defaults occurs after the expiration of any applicable cure period and Licensor desires to exercise its right of termination under the terms of this Section 10, Licensor shall give notice of termination in writing to Licensee. Upon termination or expiration of the term hereof, all rights, licenses and privileges granted to Licensee hereunder shall automatically revert to Licensor and Licensee shall execute any and all documents reasonably necessary to evidence such automatic reversion which may be requested by Licensor.

11. Injunction. Licensee acknowledges that its failure to perform any of the terms or conditions of this Agreement, including its failure to maintain the high quality of the Licensed Services and Affiliation, or its failure upon the expiration or termination of this Agreement to cease the use of the Licensed Marks shall result in immediate and irreparable damage to Licensor. Licensee also acknowledges that there may be no adequate remedy at law for such failures and that in the event thereof Licensor shall be entitled to equitable relief in the nature of an injunction (without the requirement of having to post bond) and to all other available relief, at law and/or in equity.

12. Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given when delivered in person, when delivered by fax or other electronic means or by a nationally recognized overnight courier, or if mailed, five (5) days after being deposited in the United States mail, certified or registered mail, first-class postage prepaid, return receipt requested, to the Licensor or Licensee, as applicable, at the following addresses or facsimile numbers:

If to Licensor:	Erik G. Wexler Executive Vice President PSJH and Chief Executive PSJH Southern California 3345 Michelson Drive, Suite 100 Irvine, CA 92612
With copy to:	Alitha Leon Jenkins, Esq. Senior Corporate Counsel 800 Fifth Avenue, Suite 1200 Seattle, WA 98104 and McDermott Will & Emery 2049 Century Park East

32nd Floor
Los Angeles, CA 90067
Attn: James F. Owens, Esq.

If to Licensee: St. Mary Medical Center, LLC
18300 Highway 18
Apple Valley, California 92307
Attn: Board of Managers

13. Waiver, Modification, Etc. No waiver, modification or cancellation of any term or condition of this Agreement shall be effective unless executed in writing by the Party charged therewith. No waiver by either Party hereto of any breach of this Agreement shall be deemed to be a waiver of any preceding or succeeding breach of the same of any other provision hereof. The exercise of any right granted to either Party hereunder shall not operate as a waiver. Licensor makes no warranties or representations to Licensee except those specifically expressed herein.

14. Survival. Sections 4, 5, 6, 8, 9.A, 9.B, 9.C, 10, 11, 14, 19, 20, 22, and 23 shall survive the termination or expiration of this Agreement. In addition, all provisions of this Agreement necessary to interpret the rights and obligations of the Parties prior to such termination or expiration and/or enforce the same shall survive termination or expiration.

15. No Partnership; No Third Party Beneficiaries. This Agreement does not constitute and shall not be construed as constituting an agency, partnership or joint venture relationship between Licensee and Licensor. Licensee shall have no right to obligate or bind Licensor in any manner whatsoever, and nothing herein contained shall give or is intended to give any rights of any kind to any third persons. The Parties hereto shall be considered independent contractors.

16. No Assignment. Licensee acknowledges and recognizes: (i) that it has been granted the License because of its particular expertise, knowledge, judgment, skill and ability; (ii) that it has substantial and direct responsibilities to perform this Agreement in accordance with all of the terms contained herein; (iii) that Licensor is relying on Licensee's unique knowledge, experience and capabilities to perform this Agreement in a specific manner consistent with the high standards of integrity and quality associated with the Licensed Marks, and (iv) that the granting of the License under this Agreement creates a relationship of confidence and trust between Licensee and Licensor. This Agreement is personal to Licensee, and Licensee shall not sublicense or franchise any of its rights hereunder without the prior written approval of Licensor, and neither this Agreement nor any of the rights of Licensee hereunder shall be sold, transferred or assigned by Licensee without Licensor's prior written approval, and no rights hereunder shall devolve by operation of law or otherwise upon any assignee, receiver, liquidator, trustee or other party. Subject to the foregoing, this Agreement shall be binding upon and shall inure to the benefit of the Parties hereto, their successors and assigns. Should any sublicensee, franchisee, assignee or transferee be approved by Licensor, such sublicensee, franchisee, assignee or transferee will be bound by the terms of this Agreement.

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17. Legal Obligations: The Parties' legal obligations under this Agreement are to be determined from the precise and literal language of this Agreement and not from the imposition of laws attempting to impose additional duties or fiduciary obligations or any other similar obligation that were not the express basis of the bargain at the time this Agreement was made.

18. Counsel. The Parties are sophisticated businesses with legal counsel to review the terms of this Agreement, and the Parties represent that they have fully read this Agreement and understand and accept its terms.

19. Administration. This Agreement may be administered by a subsidiary or affiliate of Licensor.

20. No Consequential Damages, Etc. IN NO EVENT SHALL LICENSOR BE LIABLE FOR ANY SPECIAL, INDIRECT, INCIDENTAL, PUNITIVE, CONSEQUENTIAL, OR ANY SIMILAR DAMAGES WHETHER OR NOT CAUSED BY OR RESULTING FROM THE NEGLIGENCE OF LICENSOR EVEN IF LICENSOR HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, IN RELATION TO, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR THE LICENSED MARKS.

21. Counterparts. This Agreement may be executed in multiple counterparts, with the same force and effect as if executed as one complete instrument. The exchange of copies of this Agreement and signature pages by facsimile transmission, by electronic mail in portable document format form, or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, or by combination of such means, shall constitute effective execution and delivery of this Agreement as to the Parties and may be used in lieu of the original Agreement for all purposes.

22. Choice of Law; Dispute Resolution. This Agreement, the rights and obligations hereunder, and any claims or disputes relating thereto, shall be governed by and construed in accordance with the laws of the State of California, without regard to conflict of law principles or that would require the application of the laws of any jurisdiction other than the State of California. The dispute resolution procedures specified in Article IX of the Affiliation Agreement are hereby incorporated by reference as though fully set forth herein and shall govern all disputes, claims or controversies between the Parties hereto that arise under this Agreement.

23. Miscellaneous. Paragraph headings contained in this Agreement are for convenience only and shall not be considered for any purpose in governing, limiting, modifying, construing or affecting the provisions of this Agreement and shall not otherwise be given any legal effect. The determination that any provision of this Agreement is invalid or unenforceable shall not invalidate this Agreement, and the remainder of this Agreement shall be valid and enforceable to the fullest extent permitted by law. This Agreement contains the entire contract and understanding between the Parties (*i.e.*, no extra-contractual statements). There are no representations or understandings, oral or written, express or implied, that are not merged herein. This Agreement may not be modified or terminated orally. Exhibit A is incorporated herein by reference. No

alleged modification, termination, or waiver shall be binding unless it is set out in writing and signed by the Party against which it is sought to be enforced; and all prior agreements and/or understandings oral or written, express or implied, between the Parties with respect to the subject matter hereof are hereby terminated.

[*Signatures on the following page*.]

The Parties have caused this Trademark License Agreement to be signed by their duly authorized representatives as of the Effective Date.

LICENSEE:

ST. MARY MEDICAL CENTER, LLC

By: _____
Name: [INSERT NAME]
Title: Manager

By: _____
Name: [INSERT NAME]
Title: Manager

LICENSOR:

PROVIDENCE ST. JOSEPH HEALTH

By:_____

Name: [INSERT NAME]
Title: [INSERT TITLE]

EXHIBIT A

TRADEMARK REGISTRATION COVERED BY AGREEMENT

1. 

2. 

3. 

4. 

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EXHIBIT D

EXISTING HOSPITAL LEASE

[See attached]

LEASE AGREEMENT

THIS LEASE AGREEMENT (this "**Lease**") is made effective as of [_____ ____, 20__] (the "**Commencement Date**"), by and between St. Mary Medical Center, a California nonprofit public benefit corporation ("**Landlord**"), and St. Mary Medical Center, LLC, a California limited liability company ("**Tenant**").

LEASE SUMMARY

1. **Landlord**: St. Mary Medical Center, a California nonprofit public benefit corporation

2. **Tenant**: St. Mary Medical Center, LLC, a California limited liability company

3. **Commencement Date**: [_____ __, 20__]

4. **Expiration Date**: SMMC Hospital Commencement of Operations Date (as defined in the Operating Agreement (as defined below))

5. **Property**: Property shall have the meaning set forth in Section 1 hereof.

6. **Rent**: $858,593 per month, with a 2% annual increase.

7. **Security Deposit**: None.

RECITALS

A. WHEREAS, Landlord is a member of Providence St. Joseph Health ("**Providence**"), a Catholic-sponsored integrated healthcare system exempt from federal income tax as an organization described in IRC §501(c)(3), meeting the healthcare needs of the communities it serves through compassionate service for over 150 years. Providence and its affiliates maintain hospitals, clinics, other healthcare services and related programs in Alaska, Washington, Montana, Oregon, New Mexico, Texas and California;

B. WHEREAS, Landlord owns a majority interest of Tenant. Tenant is governed by that certain Operating Agreement of Tenant dated [_____ ___, 20__] (as such may be amended from time to time, the "**Operating Agreement**");

C. WHEREAS, prior to the Commencement Date, Landlord operated St. Mary Medical Center, a general acute care hospital (the "**Hospital**"), at the Property. Landlord and Tenant entered into that certain Contribution Agreement dated [_____ ___, 20__], pursuant to which, effective as of the Commencement Date, Landlord contributed to Tenant substantially all of the assets necessary to operate the Hospital, excluding the Property, for the purpose of Tenant owning and operating the Hospital as of the Commencement Date; and

D. WHEREAS, in connection with Tenant's ownership and operation of the Hospital as of the Commencement Date, Tenant desires to lease from Landlord, and Landlord desires to

lease to Tenant, the Property situated in the City of Apple Valley, County of San Bernardino, State of California and more fully described in Section 1 below, pursuant to the terms of this Lease.

AGREEMENT

NOW, **THEREFORE**, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties intending to be legally bound, hereby agree as follows:

1. **Property**. Landlord does hereby lease to Tenant those certain parcels of real property located and commonly known as 18300 Highway 18, Apple Valley, California 92307 (the "**Land**"), together with the existing buildings located on the Land and any and all other improvements now or hereinafter located on the Land, together will all other rights appurtenant thereto (collectively with the Land, the "**Property**"). The Property is described on Exhibit A attached hereto and incorporated herein. For purposes of Section 1938 of the California Civil Code, Landlord hereby discloses to Tenant, and Tenant hereby acknowledges, that the Property has not undergone inspection by a Certified Access Specialist. Tenant hereby waives subsection 1 of Section 1932 and Sections 1941 and 1942 of the Civil Code of California or any successor provision of law.

2. **Term**. The term of this Lease shall commence on the Commencement Date and shall continue until the earlier of (i) the SMMC Hospital Commencement of Operations Date (as defined below) and (ii) the twentieth (20^{th}) anniversary of the Commencement Date, or as may be earlier terminated pursuant to the terms of this Lease (the "**Term**"). Any early termination of the Term shall be confirmed in writing by the parties hereto.

3. **Termination**. This Lease may be terminated prior to the expiration of the Term, as follows:

(a) Upon mutual written agreement of the parties hereto;

(b) Pursuant to Section 25(b) of this Lease; and

(c) Upon termination of the Operating Agreement.

For purposes of this Lease, the "**SMMC Hospital Commencement of Operations Date**" shall mean the date on which, as designated by the Board of Managers of Tenant: (i) construction of a replacement facility for the Hospital in the High Desert region of California has been deemed substantially complete, as evidenced by the Tenant's receipt of a certificate of occupancy by the Apple Valley Department of Building and Safety, and (ii) substantially all of the Hospital's patients have been transferred to the new replacement facility.

At the termination of this Lease, Tenant shall surrender the Property to Landlord in as good condition and repair as of the Commencement Date, ordinary wear and tear excepted, and subject to Landlord's obligations hereunder.

4. **Rent**. During the Term, the Tenant shall pay Landlord rent at the rate of Eight Hundred Ninety-Eight Thousand Five Hundred Ninety-Three Dollars ($858,593) per month, which shall be increased by a rate of two percent (2%) each year (the "**Monthly Rent**"). In addition, Tenant shall pay Landlord, as additional rent, all other obligations and payments set forth in this Lease (collectively, "**Additional Rent**"; and together with the Monthly Rent, the "**Rent**"). Monthly Rent shall be due and payable in advance on or before the first day of each calendar month during the Term, without demand, notice, set-off or deduction, provided that Monthly Rent for any fractional calendar month shall be prorated. Additional Rent shall be due and payable on or before the first day of each calendar month following Tenant's receipt of an invoice from Landlord for the amount thereof.

5. **Security Deposit**. None.

6. **Partial Payment**. No payment by Tenant or acceptance by Landlord of any amount less than the Monthly Rent herein stipulated shall be deemed a waiver of any other rent due. No partial payment or endorsement on any check or any letter accompanying such payment of rent shall be deemed an accord and satisfaction, but Landlord may accept such payment without prejudice to Landlord's right to collect the balance of any rental due under the terms of this Lease.

7. **Construction of this Agreement**. No failure of Landlord to exercise any power given Landlord hereunder, or to insist upon strict compliance by Tenant with its obligation hereunder, and no custom or practice of the parties at variance with the terms hereof shall constitute a waiver of Landlord's right to demand exact compliance with the terms hereof. Time is of the essence of this Agreement.

8. **Use**. Tenant shall only use the Property to operate the Hospital. Tenant may not change the use of the Property under any circumstances without the prior written consent of Landlord, which consent may be withheld in Landlord's sole discretion.

9. **Repairs by Landlord**. Landlord shall be solely responsible for funding (by way of reimbursement to Tenant) all costs related to maintaining and improving and, if applicable, converting and decommissioning the Property and related assets (including without limitation any environmental clean-up costs).

In addition, Landlord shall be solely responsible for any modifications or repairs to the Property necessary to correct violations of construction related accessibility standards and to comply with all applicable accessibility and other laws, regulations and governmental requirements.

10. **Repairs by Tenant**. Except as provided in Section 9 above, Tenant shall keep and maintain the Property in good order and repair, ordinary wear and tear excepted. Tenant may provide funds for the costs of performing necessary routine maintenance and upkeep on the Property in accordance with Landlord's past practices over the immediately preceding five (5) years.

11. **Alterations and Trade Fixtures**. Tenant shall make no alterations in, or additions to, the Property without first obtaining Landlord's prior written consent for such alterations or additions, which shall be at the sole cost of Tenant. The Tenant may, at its sole cost and expense, install and maintain in the Property trade fixtures, equipment and other tangible property necessary for the conduct of its business.

12. **Access**. During the term hereof, Tenant shall have access to the Property on a 24 hours a day, 7 days a week basis.

13. **Entering Property**. Landlord may enter the Property at reasonable hours provided that Landlord's entry shall not unreasonably interrupt Tenant's business operations and that prior notice is given when situation permits (and, if in the opinion of Landlord an emergency exists, at any time and without notice).

14. **Services of Landlord**. Except when due to the sole negligence of Landlord, Landlord shall not be liable for any damage or injury to persons or property caused by any defects in the heating, electric, air conditioning equipment or water apparatus, or for any damages arising out of the failure to furnish heating or air conditioning, water, electrical, or janitor service.

15. **Insurance**. Tenant shall obtain, keep in effect and pay the premiums for a general comprehensive public liability policy, during the term hereof, with limits of not less than One Million Dollars ($1,000,000.00) per individual and One Million Dollars ($1,000,000.00) per accident or occurrence with respect to personal injury and death, unless otherwise agreed in writing by the Landlord. If Tenant breaches this provision, Landlord may at its option, secure such insurance and the costs shall be promptly reimbursed to Landlord as Additional Rent. Any and all insurance which Tenant is required to maintain under the terms of this Lease shall be with companies and in a form acceptable to Landlord. Tenant shall furnish to Landlord a copy of all policies and insurance certificates. Landlord shall be named as an additional insured, and not as a loss payee on all insurance policies.

16. **General Liability of Tenant**. Tenant shall indemnify and save harmless Landlord against all claims for damages to persons or property by reason of the use or occupancy of the Property and all expenses incurred by Landlord because of Tenant's use and occupancy, including attorney's fees and court costs and the expenses incurred or paid by Landlord in terminating this Lease or in re-entering the Property and in securing possession thereof, as well as the expenses of reletting, including, without limitation, altering and preparing the Property for new tenants, brokers' commissions, legal fees, and all other expenses properly chargeable against the Property and the rental therefrom. Tenant shall further indemnify, defend and hold Landlord harmless from and against any and all claims arising from any breach or default in the performance of any obligation on Tenant's part to be performed under this Lease or arising from any negligence or willful misconduct of Tenant or any of its agents, contractors, employees, visitors, invitees and licensees occurring in or about the Property, including claims arising by reason of accident, injury or death caused to persons or property of any kind, except to the extent caused by Landlord's own negligence. In the event of a filing of a petition under the Bankruptcy Code, Landlord shall have no obligation to provide Tenant with heating, ventilating and air conditioning services or utilities,

janitorial, maintenance or security services, if any, unless Tenant shall have paid and be current in all payments of rents due hereunder.

17. **Damage**. Tenant shall promptly pay the costs for injury to the Property, and breakage, caused by Tenant. If Tenant fails to do so after ten (10) days written notice from Landlord, Landlord shall have the right to make necessary repairs, alterations and replacements (including structural) and any cost incurred by Landlord shall be paid by Tenant. Landlord may treat the cost as Additional Rent, payable with the next installment of rent. This provision is an additional remedy granted to the Landlord and not a limitation of any other rights and remedies, which the Landlord may have. Tenant's obligation to pay Landlord's cost of making necessary repairs, alterations or replacements shall survive the expiration or cancellation of the Lease. The provisions of this Lease, including this Section 17, constitute an express agreement between Landlord and Tenant with respect to any and all damage to, or destruction of, all or any part of the Property, and any statute or regulation of the State of California, including, without limitation, Sections 1932(2) and 1933(4) of the California Civil Code, with respect to any rights or obligations concerning damage or destruction in the absence of an express agreement between the parties. Any other statute or regulation, now or hereafter in effect, shall have no application to this Lease or any damage or destruction to all or any part of the Property.

(a) Personal Property of Tenant. All personal property of the Tenant in the Property shall be at Tenant's risk. Landlord shall not be liable for any accident or damage to property from the heating, cooling, electrical or plumbing apparatus. In addition, Landlord shall not be liable for damages to property caused by water, steam, or other elements, or by theft or other casualty. Tenant releases Landlord from any liability incurred or claimed by reason of damage to Tenant's property. Landlord shall not be liable in damages for, nor shall the Lease be affected by, conditions due to construction of contiguous premises.

18. **Limitation of Landlord's Liability**. Landlord assumes no liability or responsibility as to the conduct and operation of Tenant's trade or occupation. Landlord shall not be liable for any accident to or injury to any person or property in or about the Property caused by the conduct or operation of Tenant's trade or occupation or the equipment or property of Tenant. It the Landlord makes available to Tenant any storage space in the Property, anything stored therein shall be wholly at the risk of Tenant, and Landlord shall have no responsibility of any character in respect thereto. Tenant indemnifies and holds Landlord harmless against claims arising from such injury or damage, including costs of litigation and attorney's fee, and Tenant's indemnification hereunder shall survive the expiration or cancellation of the Lease. Additionally, Tenant shall look solely to the interest of Landlord in the Property for the satisfaction of each and every remedy of Tenant in the event of any breach by Landlord of any of the terms, covenants and conditions of this Lease, or any other matter in connection with this Lease or the Property.

19. **Damage or Theft of Personal Property**. All personal property brought into the Property shall be at the risk of Tenant only and Landlord shall not be liable for theft thereof or any damage thereto occasioned by any acts of co-tenants, or other occupants of the Property, or any other person, except, with respect to damage to the Property, as may be occasioned by the negligent or willful act of the Landlord, its employees and agents.

20. **Holding Over**. In the event Tenant remains in possession of the Property after the expiration of the term hereof, with Landlord's acquiescence and without any express written agreement of the parties, Tenant shall be a tenant at will at the rental prevailing at the expiration of the Lease and there shall be no renewal of this Lease by operation of law or otherwise.

21. **Rules and Regulations**. The rules and regulations to the Property, and all reasonable rules and regulations which Landlord may hereafter, from time to time, adopt and promulgate for the government and management of the Property, are hereby made a part of this Lease and shall, during the said term, be in all things observed and performed by Tenant, its agents, employees or invitees.

22. **Casualty and Eminent Domain.**

(a) Damage by Fire or Casualty. Except as otherwise provided, if the Property is destroyed or damaged by fire or any other casualty, the Lease shall not be canceled, but the Property shall be promptly and fully repaired by Landlord at its own cost and expense. Due allowance shall be given for reasonable time required for adjustment and settlement of insurance claims, and for such other delays as may result from government restrictions and controls on construction, if any, and from force majeure which shall include, without limitation, impossibility of performance, acts of God, fire, earthquake, flood, explosion, condemnation, labor disputes, labor or material shortages, acts of governmental agencies asserting jurisdiction over the Property and any other legally supportable justification which would excuse Landlord from promptly and fully repairing the Property. If the condition of the Property precludes use by Tenant, rent shall be apportioned (on the basis of square footage) and abated for any part, which Tenant is unable to occupy and use. If the Property is substantially or totally destroyed so as to be entirely untenantable and more than ninety (90) days are required for the Landlord to commence restoration, either party, upon notice to the other, may cancel the Lease, in which case the rent shall be apportioned and paid to the date of destruction. No compensation or claim, or diminution of rent will be required to be paid, by Landlord, by reason of inconvenience, annoyance, or injury or loss to business, arising from destruction or damage to the Property.

(b) Eminent Domain. If any part of the Property is condemned under power of eminent domain, the Lease shall be canceled as to the part so taken on the day when Tenant is required to yield possession thereof, and the Landlord shall make such repairs and alterations as may be necessary in order to restore the part not taken to useful conditions. Pending restoration, the rent shall be reduced proportionately, on a gross square footage basis. If the condemnation so substantially impairs the usefulness of the remaining portion of the Property that Tenant may no longer use the Property for the purposes stated in the Lease, either party shall have the option to cancel the Lease as of the date when Tenant is required to yield possession. The compensation awarded for such taking, both as to Landlord's reversionary interest and Tenant's interest under the Lease, shall belong to and be the property of the Landlord; provided, however, that the Landlord shall not be entitled to the portion of the award specifically made to Tenant for the cost of removal of Tenant's fixtures, if any. Landlord alone shall have the right to negotiate with the condemning

authority and conduct all litigation connected with the condemnation. If the taking does not render any part of the Property unusable, there shall be no abatement of rent.

23. **Assignment and Subletting**. Tenant shall not assign, mortgage, encumber or otherwise transfer this Lease or its interests hereunder, in whole or in part, or sublet the Property in whole or in part, without the prior written consent of Landlord as to both the terms of such assignment or sublease and the identity of such assignee or sublessee, which will not be unreasonably withheld. In the event Landlord consents to any such transaction, Tenant shall remain fully liable to perform all the obligations of Tenant under this Lease, including but not limited to payment of Rent, unless the Landlord has also consented in writing to the release of Tenant from this Lease.

Landlord shall not sell, transfer or convey the Property during the Term of this Lease without Tenant's prior approval.

24. **Events of Default**. The happening of any one or more of the following events (hereinafter any one of which may be referred to as an "**Event of Default**") during the term of this Lease, or any renewal or extension thereof, shall constitute a breach of this Lease on the part of the Tenant:

(a) Tenant fails to pay the rental as provided for herein;

(b) Tenant abandons or vacates the Property;

(c) Tenant fails to comply with or abide by and perform any other obligation imposed upon Tenant under this Lease;

(d) Tenant is adjudicated bankrupt;

(e) a permanent receiver is appointed for Tenant's property and such receiver is not removed within sixty (60) days after written notice from Landlord to Tenant to obtain such removal;

(f) Tenant, either voluntarily or involuntarily, takes advantage of any debtor or relief proceedings under any present or future law, whereby the rent or any part thereof is, or is proposed to be, reduced or payment thereof deferred;

(g) Tenant makes an assignment for benefit of creditors;

(h) Tenant's effects are levied upon or attached under process against Tenant, which is not satisfied or dissolved within thirty (30) days after written notice from Landlord to Tenant to obtain satisfaction thereof.

25. **Remedies Upon Default**. Upon the occurrence of any Event of Default, Landlord may pursue any one or more of the following remedies, separately or concurrently, without any notice (except as specifically provided hereafter) and without prejudice to any other remedy herein provided or provided by law;

(a) if the Event of Default involves nonpayment of rental, and Tenant fails to cure such default within ten (10) days after receipt of written notice thereof from Landlord, or if the Event of Default involves a default in performing any of the terms or provisions of this Lease other than the payment of rental, and Tenant fails to cure such default within thirty (30) days after the receipt of written notice of default from Landlord, Landlord may terminate this Lease by giving written notice to Tenant and, upon such termination, shall be entitled to recover from the Tenant damages in an amount equal to all rental which is then due and which would otherwise have become due throughout the remaining term of this Lease, or any renewal or extension thereof (as if the Lease had not been terminated); or

(b) if the Event of Default involves any matter other than those set forth in item (a) of this Paragraph, the Landlord may terminate this Lease by giving written notice to Tenant, and upon such termination, shall be entitled to recover from the Tenant damages in an amount equal to all rental which is then due and which would otherwise have become due throughout the remaining term of this Lease, or any renewal or extension thereof (as if this Lease had not been terminated); or

(c) upon any Event of Default, Landlord may give to Tenant written notice of such default and advise Tenant that unless such default is cured within ten (10) days after receipt of such notice, the entire amount of the rental for the remainder of the term of this Lease, or any renewal or extension thereof, shall immediately be due and payable upon the expiration of the ten day period, and thereafter, unless all the terms and provisions of this Lease are fully complied with by the Tenant within said ten day period, the entire amount of said rental shall thereupon become immediately due and payable without further notice to Tenant; or

(d) upon any Event of Default, Landlord, without terminating this Lease may enter upon and rent the Property, in whole or in part, at the best price obtainable by reasonable effort, without advertisement and by private negotiations and for any term Landlord deems proper, with Tenant being liable to Landlord for the deficiency, if any, between Tenant's rent hereunder and the price obtained by Landlord on reletting; provided, however, that Landlord shall not be considered to be under any duty by reason of this provision to take any action to mitigate damages by reason of Tenant's default.

26. **Service of Notice**. All notices required or permitted under this Lease shall be in writing and shall be personally delivered or sent by U.S. Certified Mail, return receipt requested or postage prepaid, or by reputable overnight courier service (postage prepaid), to the following addresses of each party:

If to Landlord: Providence Health System – Southern California
3345 Michelson Drive, Suite 100
Irvine, California 92612
Attn: Executive Vice President and Chief Executive

With a copy to:	Providence Health System – Southern California 1801 Lind Avenue, S.W. Renton, Washington 98057 Attn: Chief Legal Officer
If to Tenant:	St. Mary Medical Center, LLC 18300 Highway 18 Apple Valley, California 92307 Attn: Board of Managers

27. **Surrender of Property**. Whenever under the terms hereof Landlord is entitled to possession of the Property, Tenant at once shall surrender the Property and the keys thereto to Landlord in the same condition as at the commencement of the term, natural wear and tear, condemnation and casualty damage not caused by Tenant (as to which Section 22 of this Lease shall control), and repair, maintenance and replacements that are not Tenant's obligation under this Lease excepted, and Tenant shall remove all of its property therefrom (including, except as may otherwise be mutually agreed upon by Landlord and Tenant, any alterations made by Tenant), and Landlord may forthwith re-enter the Property and repossess itself thereof and remove all persons and effects therefrom, using such force as may be necessary without being guilty of forcible entry or detainer, trespass or other tort. Tenant's obligation to observe or perform this covenant shall survive the expiration or other termination of the term of the Lease. If the last day of the term of this Lease falls on Sunday or a legal holiday, this Lease shall expire on the business day immediately preceding.

28. **No Estate in Land**. This agreement shall create the relationship of landlord and tenant between Landlord and Tenant; no estate shall pass out of Landlord; Tenant has only a usufruct, not subject to levy and sale, and not assignable by Tenant except by Landlord's consent.

29. **Estoppel Certificate**. Tenant shall, within ten (10) business days upon request by Landlord, execute and deliver to Landlord a written declaration in recordable form:

(a) ratifying this Lease and expressing the commencement and termination dates thereof;

(b) certifying that this Lease is in full force and effect and has not been assigned, modified, supplemented or amended (except by such writings as shall be stated);

(c) that all conditions under this lease to be performed by Landlord have been satisfied (or stating such conditions not then satisfied);

(d) that there are no defenses, offsets or counterclaims against the enforcement of this lease by Landlord, or stating those claimed by Tenant;

(e) the amount of advance rental, if any (or none if such is the case) paid by Tenant;

(f) the date to which rental has been paid; and

(g) the amount of security deposited with Landlord.

Such declaration shall be executed and delivered by Tenant from time to time as may be requested by Landlord. Landlord's mortgage lenders and/or purchasers shall be entitled to rely upon same.

30. **Compliance**. The parties agree to comply with Health Insurance Portability and Accountability Act of 1996 ("HIPAA") or the American Recovery and Reinvestment Act of 2009 ("ARRA"). Further, Landlord and Tenant hereby acknowledge and agree that it is not a purpose of this Lease or any of the transactions contemplated herein to exert influence in any manner over the reason or judgment of any party with respect to the referral of patients or business of any nature whatsoever. It is the intent of the parties hereto that any referral that may be made directly or indirectly by Tenant to Landlord's business, or vice versa, shall be based solely upon the medical judgment and discretion of a patient's physician while acting in the best interest of the patient.

31. **No Merger.** If both Landlord's and Tenant's estates in the Property are or become vested in the same owner, this Lease shall nevertheless not be terminated by application of a doctrine of merger of estates unless agreed in writing by Landlord and Tenant, and any third party beneficiary.

32. **Cumulative Rights**. All rights, powers and privileges conferred hereunder upon the parties hereto shall be cumulative but not restrictive to those given by law.

33. **Governing Law**. This Lease, and the rights and obligations of the parties hereto, shall be construed and enforced in accordance with the internal laws of the State of California.

34. **Paragraph Titles**. The paragraph titles used herein are not to be considered a substantive part of this Lease, but merely descriptive aids to identify the paragraphs to which they refer. Use of the masculine gender includes the feminine and neuter, and vice versa, where necessary to impart contextual continuity. If any paragraph or provision herein is held invalid by a court of competent jurisdiction, all other paragraphs or severable provisions of this Lease shall not be affected hereby, but shall remain in full force and effect.

35. **Entire Agreement**. This Lease contains the entire agreement of the parties and no representations, inducements, promises or agreements, oral or otherwise, between the parties not embodied herein shall be of any force or effect.

36. **Agreement Not to Be Construed Against Drafter**. Both parties to this Lease have had a full opportunity to obtain legal advice concerning this lease or have declined to obtain such advice. The fact that this Lease may be drafted by an attorney for one of the parties or by one of the parties is a matter of convenience to all parties. Accordingly, the parties agree that the rule of construction that an instrument or document is to be construed and interpreted most strictly against the drafter of the instrument or document shall not apply in the construction or interpretation of this Lease.

[Signature Page Follows]

IN WITNESS WHEREOF, Landlord and Tenant have hereunto executed this Lease as of the day and year first above written.

LANDLORD:

ST. MARY MEDICAL CENTER, a California nonprofit public benefit corporation

By: Covenant Health Network, its Member

By: _____

Name: Erik G. Wexler
Title: President

TENANT:

ST. MARY MEDICAL CENTER, LLC, a California limited liability company

By: _____
Name: _____
Its: _____

Exhibit A

Description of Property

APN	Description
47310139, 47339604, 47310115	Ptn Ne 1/4 Sec 11 Tp 5N R 4W Conveyed To Diocese Of San Bernardino Per Deed Dated 6-21-82 Instrument No 82-120471 O R And As Shown Per County Of San Bernardino Land Division Plat No D82-0237 Certificate Of Land Division Approval Dated 8-22-83 Beg N Li Of Property Conveyed In Instrument No 82-120471 Also Being Sw Cor Lot 893 Tr No 7972 Recorded Bk 129 Pg 35 Through 48 Th N 89 Deg 59 Min 00 Seconds E 80 Ft Th S 15 Deg 57 Min 56 Seconds W 790 Ft To Nly R/W Li Of State Outer Hgy 18 Th N 74 Deg 20 Min 00 W Alg Sd Nly R/W Li 211.61 Ft To W Li Of Property Conveyed In Instrument No 82-120471 Th Alg Sd W Li N 18 Deg 22 Min 35 Seconds E 420.03 Ft Th S 65 Deg 40 Min 54 Seconds E 39.94 Ft To Beg Of A Nontangent Curve Having A Radius Of 989 Ft A Radial
47342122	Tract No 7802 Desert Knolls Manor Unit No 1 Lots 498 And 499 Ex Ely 0.05 Ft Sd Lot 499
47310108	E 479 Ft W 660 Ft N 872 Ft Ne 1/4 Sec 11 Tp 5N R 4W (Addl St 3/11/83 #052050)
47310114	Ptn Ne 1/4 Sec 11 Tp 5N R 4W Beg At Nw Cor Sd Ne 1/4 Th N 89 Deg 03 Min 30 Seconds E 710.65 Ft To True Pob Th Cont N 89 Deg 03 Min 30 Seconds E 581.09 Ft Th S 379.64 Ft Th W 32.47 Ft Th N 18 Ft Th W 218 Ft Th S 18 Ft Th W 330.54 Ft Th N 370.09 Ft To True Pob Ex 50 Per Cent Mnl Rts Wose Ex St
47310121	Tract No 7802 Desert Knolls Manor Unit No 1 Lot 531
47339603	Tract No 7802 Desert Knolls Manor Unit No 1 Lot 532

4819-2755-2214

DM_US 174823829-5.018347.0537

EXHIBIT E

CARE MODEL AGREEMENT

[See attached]

Execution Version

CARE MODEL AGREEMENT

among

ST. MARY MEDICAL CENTER, LLC

and

KAISER FOUNDATION HOSPITALS,
KAISER FOUNDATION HEALTH PLAN, INC.,
SOUTHERN CALIFORNIA PERMANENTE MEDICAL GROUP

TABLE OF CONTENTS

LIST OF EXHIBITS

CARE MODEL AGREEMENT

This CARE MODEL AGREEMENT (this "Agreement") is entered into effective as of the Closing Date, as defined by the Affiliation Agreement (the "Effective Date") by and among: (i) St. Mary Medical Center, LLC, a California limited liability company ("SMMC"); (ii) Kaiser Foundation Hospitals, a California nonprofit public benefit corporation ("KFH"); (iii) Kaiser Foundation Health Plan, Inc. ("KFHP"); and (iv) Southern California Permanente Medical Group, a California partnership ("SCPMG"). SMMC, KFH, KFHP and SCPMG are sometimes referred to in this Agreement individually as a "Party" and, in the case of more than one Party, together as "Parties". KFH and KFHP are sometimes collectively referred to as "Kaiser". Kaiser and SCPMG are collectively referred to herein as "Kaiser Permanente" or "KP." Capitalized terms used herein and not otherwise defined herein shall have the meaning ascribed to them in the Definitive Agreements (as defined below).

RECITALS

WHEREAS, Kaiser and SMMC share, and SCPMG supports, the common charitable missions to promote and improve the health of the individuals living in the communities they serve, including by providing expanded access to high quality health care services;

WHEREAS, SMMC is majority owned by St. Mary Medical Center, a California nonprofit public benefit corporation ("SMMC, Inc.") and minority-owned by KFH.

WHEREAS, SMMC owns and operates, but intends to replace, a 212-bed general acute care hospital known as St. Mary Medical Center – Apple Valley, which is located at 18300 Highway 18, Apple Valley, California 92307 (the "Existing Hospital");

WHEREAS, SMMC intends to replace the Existing Hospital with a new acute care hospital facility to be located in the area of Southern California commonly referred to as the High Desert (the "New Hospital," and together with the Existing Hospital, the "Facilities"), in close proximity to the Existing Hospital;

WHEREAS, KFHP contracts with SCPMG on an exclusive basis to provide or arrange for the delivery of professional medical services to its members, as defined in the HCSA ("Members") in the High Desert;

WHEREAS, Kaiser, SMMC, Inc. and SMMC are parties to that certain Affiliation Agreement dated May 7, 2021 (the "Affiliation Agreement,") which provides for the parties to join together in a long term financial commitment, through their co-ownership of SMMC, to replace the Existing Hospital with the New Hospital, and which also references the parties entering into other Definitive Agreements pertaining to the implementation of the Affiliation described thereunder. Such Definitive Agreements include, without limitation, Health Care Services Agreements between SMMC, Inc. and KFH pertaining to the Existing Hospital and New Hospital (together, the "HCSA"); and

WHEREAS, the Parties desire to enter into this Agreement to confirm and memorialize their mutual understanding and commitment with respect to the collaborative treatment planning and care coordination of services provided by SMMC to Members.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties agree as follows.

1. Quality Programs; Performance Evaluation.

(a) General. In order to provide certain protocols and processes representing the ideal state of care and treatment of the Members and to ensure the continuity of quality of care to be provided by SMMC under the HCSA and address issues related to the delivery of health care services by SMMC and SCPMG at the Facilities that may arise as a result of the Affiliation, the Parties are jointly developing (i) the Care Without Delay Model of Care Implementation Plan, attached hereto as Exhibit A; and (ii) processes and procedures relating to seasonal needs of the Members and other patients as set forth on Exhibit B (Exhibits A and B together, the "Care Models").

(b) Collaboration to Assure Access and Capacity.

(i) The Parties intend for the development, improvement and implementation of the Care Models and Care Requirements (as defined in Section 3) at the Facilities during the Term (as defined below) of this Agreement to be a collaborative process led primarily by the SMMC _____, the Southern California Regional President of KFHP and the President and Executive Medical Director of SCPMG, or if such titles change, the corresponding senior officers of SMMC, KFHP and SCPMG, respectively (such officers together, the "Senior Leaders").

(ii) The Parties recognize that a continuous collaborative process and exchange of information will be required in order to assure that Members have adequate access to clinical services at the Facilities as expected growth in the number of Members occurs and to assure that SMMC has adequate time to develop the capacity at the Facilities. As such, the Parties agree to the regular ongoing, open and routine exchange of information between the Senior Leaders and their respective teams to share operational issues and challenges as and when needed. On a regular basis during the Term, the Parties will collaboratively evaluate information collected by each of them regarding measurements of access by Members to the Facilities. The Parties agree to meet and confer regularly to collaboratively strive to streamline processes, eliminate unnecessary work, and improve efficiency with respect to the guidelines and principles provided in this Agreement.

(iii) At the request of a Party, on a periodic basis during the Term of this Agreement, the Parties will exchange information, expectations and projections with respect to membership figures, facilities planning and proposed capital projects at the Facilities for adequate capacity to receive and treat both Members and other patients in a timely, high quality and efficient manner as the number of Members grows. The Parties will discuss and resolve issues or concerns regarding adequacy of planned capacity improvements in an expeditious manner.

(iv) In order to measure the effectiveness of the Care Models and Care Requirements, the Parties acknowledge the importance of evaluating performance measures and

analyzing information relating to the Services provided to the Members at the Facilities. As such, SMMC will regularly provide its standard reports, and any other data upon request, on performance measures and information to the Care Coordinating Committee (as defined below) as necessary or appropriate to enable the Care Coordinating Committee to monitor and evaluate the efficacy, outcomes and evidence basis for the Services provided to Members at the Facilities. The standard reports, and if applicable other requested data, shall include a scorecard and nationally recognized metrics. SMMC will provide interim reports to the Care Coordinating Committee with respect to specific incidents at the Facilities. The Parties shall mutually agree on additional reports to be provided to the Care Coordinating Committee and the frequency of reporting thereof. SMMC will consider in good faith the provision of any additional report that is requested by KP and shall not unreasonably deny any such request. SMMC shall provide any report that is requested by the Care Coordinating Committee acting by majority vote.

(v) To the extent that issues or concerns exist on the part of any Party with respect to the access of Members to the Facilities, the Parties will work together and use their best efforts to address and resolve such issues and concerns as promptly as is feasible, in accordance with this Agreement.

(c) Implementation of the Care Models and Compliance with the Care Requirements. The Parties agree to work together to implement the Care Models and Care Requirements at the Facilities in a comprehensive, effective and continuous manner as is feasible recognizing that the Care Models are not rules or mandates, but rather represent a plan and operational framework as set forth in Exhibit A and Exhibit B that will evolve over time (provided that the baseline CWD, seasonal planning and access components are agreed upon as of the Effective Date). The Parties shall begin on the Effective Date to prepare a gap analysis at the Existing Hospital and will continue to develop this implementation plan during the period leading up to opening of the New Hospital. The implementation of the Care Models and Care Requirements at the Facilities is intended by the Parties to increase patient access, enhance patient experience, enhance the caregiver and provider experience, and improve the quality of care and health of the Members and other patients receiving services from SCPMG. Subject to all necessary approvals of SMMC's Board of Managers (as the ultimate governing body of the Existing Hospital and the New Hospital), the implementation, monitoring and evaluation of the Care Models and Care Requirements will be conducted through, or under the oversight of, the Care Coordinating Committee established pursuant to Section 2. The Parties will cooperate with the Care Coordinating Committee in the implementation, monitoring and evaluation of the Care Models and Care Requirements and further recognize that as a statement of goals, the failure to fulfill any aspect of the Care Models shall not be considered a breach of any requirement of this Agreement. Further, each Party will use its best efforts to ensure that the medical staff of the Facilities cooperates with the Care Coordinating Committee in the implementation, monitoring, compliance with, and evaluation of the Care Models and Care Requirements.

(d) Updates. In order to ensure that the Care Models and Care Requirements continue to serve the Members appropriately throughout the Term, the Care Coordinating Committee will review the applicability, appropriateness and effectiveness of the Care Models and Care Requirements at least once per calendar quarter and discuss any proposed changes to the Care Models and Care Requirements that are presented by any Party. Any Party, through its representatives on the Care Coordinating Committee, may propose modification of the Care

Models or Care Requirements at any time. The Care Coordinating Committee will consider and work through such proposals in a collaborative and good faith manner. The Care Coordinating Committee will collaborate in good faith to finalize any updates or changes to the Care Models and Care Requirements, make recommendations with respect to updates, and such updates or changes shall be effective only upon unanimous mutual agreement of the Parties.

(e) Performance Evaluation. In order to measure the effectiveness of the Care Models and Care Requirements, the Parties understand and agree on the importance of evaluating performance measures and analyzing information relating to the Services provided to the Members at the Facilities using performance measures that are jointly developed by the Parties, including the Providence St. Joseph Health quality system indicators, and as another point of reference, the performance measures established by KP from time to time and that are applied by KP at comparable facilities owned or operated by Kaiser. The Senior Leaders will establish teams to develop such performance measures, and each of the Parties will generate the information necessary to apply such measures. Such teams shall provide the results of the application of such performance measures to the Care Coordinating Committee established pursuant to Section 2 as necessary or appropriate to enable the Care Coordinating Committee to monitor and evaluate the efficacy, outcomes and evidence basis for the Services provided to such Members. To the extent that the results of the performance measures are deemed inadequate by the Senior Leaders, they or subject matter experts appointed by them, will determine how the performance of the relevant Party or Parties can be improved and will work in good faith to implement mutually agreed upon improvements.

(f) Scope of Care Models. The Parties acknowledge and agree that nothing in this Agreement with respect to this development and implementation of the Care Models shall be construed as creating a different standard of necessary care provided at the Existing Hospital or New Hospital between Members and non-Member patients, and it is the intent of the Parties that the standards of care contemplated by the Care Models will be materially implemented patient-wide, ensuring that all patients, including Members, receive the benefit of the higher quality of care contemplated by the Care Models.

(g) Catholic Identity of SMMC. The Parties acknowledge that SMMC is a Catholic-sponsored entity and its activities shall be carried out in a manner consistent with the moral and social teachings of the Roman Catholic Church and the guidance of the United States Conference of Catholic Bishops. In particular, the activities of SMMC shall be consistent with the Ethical and Religious Directives for Catholic Health Care Services (as such term is defined in the Definitive Documents) as interpreted and applied by the Bishop of San Bernardino, and nothing set forth in this Agreement shall affect or limit SMMC's full compliance with the Catholic identity standards set forth in SMMC's Operating Agreement, as such may be amended from time to time.

2. Care Coordinating Committee.

(a) Functions. The Care Coordinating Committee will be a separate committee established by the Senior Leaders to monitor and evaluate the performance of the Parties and Services provided to Members at the Facilities. The Care Coordinating Committee will serve as a forum for the Parties to raise operational issues as they relate to the Care Models and Care

Requirements and evaluate timely progress toward the achievement of the goals represented by the Care Models and Care Requirements.

(b) Membership and Meetings. The Care Coordinating Committee will consist of four (4) members, consisting of the Senior Leaders (or their designees) with two (2) appointees of SMMC, one (1) appointee of Kaiser, one (1) appointee from SCPMG. SMMC and KP may by mutual written agreement expand the size and membership of the Care Coordinating Committee. Each member of the Care Coordinating Committee shall be selected based on their experience with and responsibility for operational matters related to implementation of the Care Models and Care Requirements. The Care Coordinating Committee will meet at least once per calendar quarter. The Care Coordinating Committee shall make any recommendations with respect to the performance of the Parties at the Facilities under the Care Models and Care Requirements.

3. Care Requirements. In addition to the Care Models, each Party recognizes the importance of and agrees to observe and implement in good faith, and to use its best efforts to ensure that the medical staff of the Facilities observes and implements in good faith, the requirements and principles set forth on Exhibit C attached hereto (the "Care Requirements") with respect to the Members' access to certain Services, the Parties' access to information, the relationship between the Facilities' medical staff members and other Facilities matters.

4. Resolution Procedure for Care Model Issues. The Parties will work collaboratively to resolve any issues or concerns arising out of or relating to the Care Models as follows:

(a) Resolution by the Care Coordinating Committee. Upon receiving notice ("Notice") from any Party that an issue or concern has arisen around implementation of the Care Models (as opposed to patient care), the Care Coordinating Committee will meet as promptly as is practical. The Care Coordinating Committee will address the issue(s) raised in the Notice and agree upon a resolution of the issue(s). Matters related to patient care will be addressed as part of medical staff processes at the Facilities.

(b) Senior Leaders' Meeting. If the Care Coordinating Committee is unable to reach consensus as to how to resolve an issue or concern, the Senior Leaders will meet and work together in good faith to attempt to resolve the issue or concern.

(c) Resolution at Senior Leaders' Meeting. If the issue or concern is resolved at the meeting of the Senior Leaders, the resolution will be reduced to writing and signed by the Senior Leaders to document the resolution of the issue or concern, and the Senior Leaders shall direct the appropriate team members at each of the Parties as to how to implement the resolution of the issue or concern, and the Senior Leaders and the Parties shall use their best efforts to ensure that the medical staff of the Facilities observes and implements in good faith the resolution of the issue or concern.

(d) No Resolution at Senior Leaders' Meeting. If, after the meeting of the Senior Leaders (which may include multiple sessions if the Senior Leaders believe such multiple sessions would assist in resolution of the issue or concern), the Senior Leaders conclude that they cannot resolve the issue or concern, the Parties will submit the issue or concern to the Quality

Committee of the SMMC Board of Managers. If the Quality Committee concludes that it cannot resolve the issue or concern, then the Parties will submit the issue or concern to the non-binding mediation portion of the dispute resolution process set forth in Article IX of the Affiliation Agreement, acknowledging that SCPMG shall have the right to participate in such non-binding mediation process.

5. Dispute Resolution.

(a) Contract Dispute Resolution. For all disagreements arising under this Agreement (other than issues or concerns arising out of or relating to the Care Models), including without limitation issues related to the Care Requirements, SMMC shall work directly with Kaiser and SCPMG to reach a resolution of the issue and shall not involve Members in any matter concerning such disagreement. The Parties shall follow the dispute resolution process set forth in Article IX of the Affiliation Agreement regarding the dispute. The Parties acknowledge that SMMC, Inc. shall participate in all such dispute resolution processes on behalf of SMMC.

(b) Continued Performance Pending Resolution of Disputes. In all cases, except to the extent otherwise provided herein, while a dispute is pending, the Parties shall continue the performance required under this Agreement.

6. Term and Termination.

(a) Term. This Agreement shall begin on the Effective Date and shall continue in effect during the term of the HCSA ("Term"), unless earlier terminated pursuant to Section 6.b.

(b) Termination of the HCSA. In the event that the HCSA is terminated according to its terms, this Agreement shall be terminated effective as of the date of termination of the HCSA.

(c) Survival of Obligations. This Section 6.c, and the obligations of the Parties under the following Sections of this Agreement entitled: "Resolution Procedure for Care Model Issues", "Dispute Resolution", and any other supplemental provision in any Exhibit that modifies one of the named Sections above (if any), or any other provision specifically named as a surviving provision or that expressly requires performance after termination of this Agreement shall survive the termination of this Agreement, regardless of the cause giving rise to termination.

7. Miscellaneous.

(a) Notices. All notices, requests and other communications hereunder shall be in writing. Any notice, request or other communication hereunder shall be deemed duly given (i) when delivered personally to the recipient, with acknowledged receipt, (ii) one (1) Business Day after being sent to the recipient by reputable overnight courier service (charges prepaid), or (iii) four (4) Business Days after being mailed to the recipient by certified or registered mail, return receipt requested and postage prepaid, and addressed to the intended recipient as set forth below:

If to KFH or KFHP:

Kaiser Foundation Hospitals

Kaiser Foundation Health Plan, Inc.
One Kaiser Plaza, 19th Floor
Oakland, CA 94612
Attn: General Counsel

If to SCPMG:

Southern California Permanente Medical Group
393 E. Walnut Street, 2nd Floor
Attn: Chief Legal Officer

If to SMMC:

St. Mary Medical Center
3345 Michelson Drive, Suite 100
Irvine, California 92612
Attn: Executive Vice President PSJH and Chief Executive PSJH Southern California

With a copy to:

Providence St. Joseph Health
800 Fifth Avenue, Suite 1200
Seattle, WA 98104
Attn: Senior Corporate Counsel

Any Party may change the address to which notices, requests and other communications hereunder are to be delivered by giving the other Parties notice in the manner herein set forth.

(b) Compliance with Laws. This Agreement and the agreements and documents referenced herein, the transactions contemplated thereby and the manner in which the Parties perform their respective obligations shall comply with all applicable Laws. Nothing in this Agreement or any other written or oral agreements among the Parties, nor any manner in which the Parties perform their respective obligations, nor in the payment of any compensation or consideration thereunder, shall contemplate or require the referral or inducement of referrals directly or indirectly, of items or services that are reimbursed under Medicare, Medicaid, or any other state or federal health care programs or private insurers. Further, nothing in this Agreement, nor any other written or oral agreements among the Parties, nor any manner in which the Parties perform their respective obligations, nor in the payment of any compensation or consideration thereunder, shall contemplate, require or be intended to influence any physician's professional judgment in choosing a medical facility or course of treatment necessary for the proper care and treatment of such physician's patients.

(c) No Reduction in Care. Each Party agrees that no provision or element contemplated under this Agreement, including those with respect to (i) the provision of services by a Party or its providers for services rendered to or through the Facilities, or (ii) the conduct of any other business by such Party, is directly or indirectly part of any incentive compensation plan

for a physician or physician group or is intended as an inducement to reduce or limit medically necessary services furnished to an individual enrollee or to coerce or pressure any patient.

(d) SMMC as Licensed Provider. Notwithstanding anything in this Agreement that may be construed to the contrary, the Parties acknowledge and agree that at all times throughout the Term of this Agreement, SMMC, as the provider of hospital services and licensee of the Existing Hospital and New Hospital, shall control, exercise the powers and discharge the responsibilities associated with providing licensed hospital services at the Existing Hospital and New Hospital in accordance with applicable law, licensing requirements and rules and regulations of all governmental payors that provide reimbursement for services rendered at the Existing Hospital and the New Hospital.

(e) Headings; Recitals. The descriptive headings of the articles, sections and subsections of this Agreement are for convenience only and shall not govern, limit, or be used in construing this Agreement or any provision hereof. The Recitals to this Agreement are incorporated into and shall constitute a part of this Agreement.

(f) Binding Effect. This Agreement and all of the terms and provisions hereof shall be binding upon and inure to the benefit of all Parties and their respective heirs, successors and assigns. Any right or obligation herein contained, express or implied, shall be only for the benefit of the Parties (and their legal representatives and heirs), and such rights and obligations shall not inure to the benefit of any other person (including, without limitation, the obligees of any indebtedness).

(g) Governing Law. This Agreement, the rights and obligations hereunder, and any claims or disputes relating thereto, shall be governed by and construed in accordance with the Laws of the State of California, without regard to conflict of law principles or that would require the application of the laws of any jurisdiction other than the State of California.

(h) Amendment. Except as otherwise provided herein, any provision of this Agreement and any exhibits or schedules attached hereto may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance, and either retroactively or prospectively) only with the written consent of each of SMMC, KFH, KFHP and SCPMG.

(i) Entire Agreement. The Definitive Agreements and the other agreements and documents referred to herein or therein constitute the entire agreement among the Parties with respect to the subject matters described herein, and supersedes all prior oral or written agreements, commitments, or understandings with respect to the matters provided for herein.

(j) Counterparts. This Agreement may be executed in multiple counterparts, with the same force and effect as if executed as one complete instrument. The exchange of copies of this Agreement and signature pages by facsimile transmission, by electronic mail in portable document format form, or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, or by combination of such means, shall constitute effective execution and delivery of this Agreement as to the Parties and may be used in lieu of the original Agreement for all purposes.

(k) Schedules and Exhibits. All exhibits and schedules referred to in this Agreement shall be attached hereto and are incorporated by reference herein.

(l) Assignment; Delegation. This Agreement, and a Party's rights and obligations under it, shall be assignable by a Party only upon the prior express written consent of each of the other Parties. The Parties acknowledge and agree that SMMC will, pursuant to the terms of the Contribution Agreement and as otherwise contemplated in the Affiliation Agreement, execute a Management Services Agreement with SMMC, Inc. to provide management services at the Facilities and as a result delegate certain of its obligations under this Agreement to SMMC, Inc. under such Management Services Agreement. SMMC shall ensure that SMMC, Inc. shall at all times comply with the terms of this Agreement and discharge any obligations hereunder delegated by SMMC to SMMC, Inc., and SMMC shall be directly responsible for SMMC, Inc.'s failure to comply with the terms of this Agreement.

(m) Third Party Beneficiaries. It is the intention of the Parties that SMMC, Inc. shall be a third party beneficiary with respect to the rights of SMMC hereunder, and shall have the ability to, subject to the direction of SMMC, enforce all such rights of SMMC. Except for the foregoing, there will be no third-party beneficiaries to this Agreement or any part hereof, and that nothing in this Agreement shall be deemed to create any right with respect to, or to convey any right or benefit to, any person not a Party to this Agreement.

(n) Drafting. No provision of this Agreement shall be interpreted for or against any Party on the basis that such Party was the draftsman of such provision, and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any provision of this Agreement.

(o) Transaction Expenses. Except as otherwise specifically provided herein or the other Definitive Documents, each of the Parties shall be responsible for and bear all of its own costs and expenses incurred at any time in connection with the Affiliation (including the fees and expenses of their respective legal counsel, accountants and financial advisors).

(p) Use of Name. Except as may otherwise be provided in the Definitive Agreements, each Party reserves to itself the right to, and the control of the use of, its names, symbols, copyrights, trademarks and service marks, presently existing or hereafter established, and, except as required by Law, no Party shall use another Party's names, symbols, copyrights, trademarks or service marks in any advertising or promotional materials or communication of any type or otherwise without the latter Party's prior written consent.

(q) Effective Upon Closing. This Agreement shall only be effective upon the Closing (as defined in the Affiliation Agreement), and shall have no force or effect unless and until the Closing occurs.

[*Signature page follows*]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be signed by their duly authorized representatives to be effective as of the Effective Date.

SMMC:

ST. MARY MEDICAL CENTER, LLC

By: _____
Name: Erik G. Wexler
Title: Manager

KAISER:

KAISER FOUNDATION HOSPITALS

By: _____
Name: Greg A. Adams
Title: Chairman and CEO

KAISER FOUNDATION HEALTH PLAN, INC.

By: _____
Name: Greg A. Adams
Title: Chairman and CEO

SCPMG:

SOUTHERN CALIFORNIA PERMANENTE MEDICAL GROUP

By: _____
Name: Ramin Davidoff, MD
Title: Chairman and Executive Medical Director

[Signature page to Care Model Agreement]

EXHIBIT A

CARE WITHOUT DELAY MODEL OF CARE IMPLEMENTATION PLAN

What's Needed for Full CWD Model Implementation

Introduction:

The following is a detailed review of what is needed from the Facilities for the full implementation of the CWD Model of Care. It represents the 'ideal' state for resources, processes and IT connectivity that the Parties will work together to reach at the Facilities. The Parties will collaborate in good faith to implement the CWD Model of Care at the Facilities, acknowledging it will take time for the Services provided at the Facilities to fully integrate with the CWD Model of Care.

CWD Model Operating Principles:

- Real time communication between all care providers (communication is physician to physician)
- Patient and family are actively engaged in the plans of care and discharge planning
- Admission and continued stay are based on medical necessity. Regular education, training and monitoring to drive towards eliminating practices such as social admissions and unwarranted discharge delays.
- SCPMG physicians will be the decision maker for the admission of KP Members
- In general, SCPMG physicians will care for KP Members. If unable to provide a service, SCPMG will coordinate the care with designated contract providers
- KP Care Managers are provided by KP to provide care management for Members
- Care is completed in the ED when possible so that KP members can be safely discharged or transferred to the appropriate level of care.
- Care management and discharge planning begin at the time of arrival
- Care is delivered without delay
- Cases may be held overnight for observation and further disposition made as soon as possible the following morning
- Members who have urgent and emergent conditions will be prioritized accordingly with other such cases at the Facilities

Access to Services:

1) Emergency Department (ED) bed capacity and staffing sufficient to provide timely service as measured by:

    - For KP Members presenting to the ED:

        - ED Door to Triage: Goal of 15 Minutes
        - ED Door to Provider: Goal of 30 Minutes

- For KP Member repatriation:

    - ED to ED repatriation from/to any hospital other than the Facilities
    - ED acceptance at the Facilities within goal of 60 minutes of time of request

2) Emergency Department or designated transitional clinical decision bed capacity and staffing of adequate number of beds at each location where SCPMG physicians or their designated SMMC physician partners can complete their assessment to determine disposition of KP Members presenting to the ED. Patients in the transitional care area are not admitted until their assessment is complete including patients held overnight pending AM procedures.

    - Could be:

        - A designated section of the ED,
        - Virtual (beds within ED so patients don't have to be moved)
        - Contiguous to the ED

3) Inpatient and Observation/CDU bed capacity and staffing sufficient for patient needs are measured by:

    - For KP Member IP or Observation/CDU admission from SMMC ED:
        - Time from order to bed: Goal is 60 minutes

    - For KP Member repatriation from any hospital other than the Facilities:
        - ED to IP: SMMC to provide bed assignment: Goal of ≤ 60 minutes from time of request
        - Goal Repatriation Rate of 100%

    - IP to IP: Access to bed assignment: Goal of < 2 hours of request
        - Timely response from accepting physician (SCPMG and SCPMG Contracted).

4) Operating Room capacity, staffing and specialty equipment to meet the following:

    Sufficient allocation of operating room block time/OR hours to allow SCPMG surgeons to meet the KFHP access requirements as defined in the SCAL OR Access Requirements set forth on Exhibit A-1. Future state may be revised to open posting (or other format to enhance access to OR resources) with appropriate approvals and applied in a non-discriminatory manner. The process of evaluating open posting or other format changes will involve participation by SCPMG surgical specialty leadership. SOR access for emergent case add on 24/7-Day access for ED and IP cases to prevent delays in care, unnecessary admission or avoidable days. Weekend and holiday access could be partial day or call in coverage.

5) Cath Lab capacity, staffing and specialty equipment to meet the following:

- Sufficient allocation of Cath Lab time to allow SCPMG physicians to meet the KFHP access requirements as defined in the Cath Lab Access Requirements set forth on Exhibit A-1.
- Cath Lab access for emergent case add on 24/7.
- 7-Day access for ED and IP cases to prevent delays in care, unnecessary admission or avoidable days. Weekend and holiday access could be partial day or call in coverage.

6) EP Lab capacity, staffing and specialty equipment to meet the following:

- Sufficient allocation of EP Lab time to allow SCPMG physicians to meet the KFHP access requirements as defined in the EP Lab Access Requirements set forth on Exhibit A-1.
- EP Lab access for emergent case add on 24/7.
- 7-Day access for ED and IP cases to prevent delays in care, unnecessary admission or avoidable days. Weekend and holiday access could be partial day or call in coverage.

7) GI Lab capacity, staffing and specialty equipment to meet the following:

- Sufficient allocation of GI Lab block time to allow SCPMG physicians to meet the KFHP access requirements as defined in the SCAL GI Lab Access Requirements set forth on Exhibit A-1.
- The process of evaluating open posting or other format changes will involve participation by SCPMG GI Lab physician specialty leadership.
- Access for EGD emergent case: 24/7
- 7-Day access for ED and IP cases to prevent delays in care, unnecessary admission or avoidable days. Weekend and holiday access could be partial day or call in coverage.

Hospital Services:

1) Cardiac Studies:
   - 7-Day ED and IP Diagnostic Studies (Stress Test, Echo).

2) Radiology – Diagnostic Studies and Interventional Procedures
   - 24/7 emergent diagnostic imaging studies to include US, CT, MRI, for ED cases.
   - 7-Day IP diagnostic and Interventional Radiology procedures; may be call in after hours, weekends and holidays.

3) Anesthesia
   - 24/7 for emergent cases and conscious sedation (LPs, D&Cs, etc.).
   - 7-Day access for ED and IPs; may be call in after hours, weekends and holidays.

4) Specialist Consult Coverage
   - Non-emergent cases with a response time of 16 hours.
   - 24/7 for emergent cases with response time goal of 1 hour.
   - 7-Day access with average 1-hour response for ED and 16 hours for IPs; may be call in after hours, weekends and holidays. Cases over the weekend or holidays do not wait for first business day.

5) Nursing
   - Participation in scheduled multi-disciplinary rounds
   - Support for rapid discharge
   - Coordination of discharge education and instructions with KP CM
   - Support for KP discharge procedures (e.g., OB)
   - Discharges should not be held over for the next shift

6) Physical Therapy
   - 5-Day Same level of daytime coverage
   - Weekend coverage available, mechanism to be determined
   - 1-hour response time for ED and transitional area orders written before 4 PM
   - 4-hour response time for IP orders written before 3 PM
   - Next morning response time for orders written after 3 PM
   - Extended PM coverage to support scheduled post-op same day discharges
   - Early AM ED and transitional area coverage to facilitate discharge of patients held overnight

7) Occupational Therapy
   - 5-Day Same level of daytime coverage
   - Weekend coverage available, mechanism to be determined
   - 1-hour response time for ED and transitional area orders written before 4 PM
   - 4-hour response time for IP orders written before 3 PM
   - Next morning response time for orders written after 3 PM
   - Early AM ED and transitional area coverage to facilitate discharge of patients held overnight

8) Speech Therapy
   - 5-Day Same level of daytime coverage for general referrals
   - Weekend coverage for Swallowing Studies available, mechanism to be determined
   - 1-hour response time for ED and transitional area orders written before 4 PM
   - 4-hour response time for IP orders written before 3 PM
   - Next morning response time for orders written after 3 PM
   - Early AM ED and transitional area coverage to facilitate discharge of patients held overnight

9) Dietician Nutrition Consults
   - 5-Day Same level of daytime coverage for general referrals
   - Weekend coverage available for ICU, mechanism to be determined

10) Social Work
   - 5-Day Same level of daytime coverage for general referrals
   - 7-Day coverage for complex ED or IP discharges (could be on call/remote coverage on weekends) to access to community resources to prevent discharge delays and avoidable days

11) PIC Line Placement
    - 5-Day Same level of coverage
    - Weekend coverage available, mechanism to be determined

12) Infusion Services
    - 7-Day Same level of daytime coverage for ED and IP blood transfusions, weekends can be on call but should be available if waiting until the next business day will delay discharge.

13) Wound Care and Osteotomy Consults
    - 5-Day Same level of daytime coverage for general referrals
    - Weekend coverage available, mechanism to be determined

14) Admitting
    - Verification of KP membership and benefits upon admission

15) ED Registration:
    - ED registration/admission workflows to identify KP Members and notify KP ED CM of Member arrival

16) Spiritual Care - 5-Day Same level of coverage with on-call coverage for weekends

17) Bioethics - 5-Day Same level of coverage with on-call coverage for weekends

18) Palliative Care – 7-Day same level of coverage

Space:

1) Space for Kaiser and SCPMG hospital medicine physicians, allied health providers, care managers, ED workspace and business functions as outlined in the Space Requirements

Processes:

1) Physician to physician communication
2) ED registration/admission workflows to identify KP Members and notify KP ED CM of Member arrival
3) Process for repatriation of KP Members
4) Standard care protocols for R/O sepsis, Code Stroke, STEMI, CHF workups where staff can start ball rolling with labs, EKG, CXRs, etc.

4a) Process for certain procedures such as LPs, Central line placements, PIC line placements in the ED and IP settings.

5) Process for managing timely discharges
6) Joint escalation process for delays in care involving Kaiser/SCPMG and SMMC leaders. Try to resolve at CWD Leader level but ability to escalate in real-time if needed.

Workflows to Support Timely Service Delivery:

1) Emergency Physicians
2) Anesthesia
3) Radiology
4) Pathology
5) Ancillary Departments

EXHIBIT A-1

ACCESS REQUIREMENTS

Topic	Numerator	Denominator	Target
Specialty Procedural Access *(Cath, EP and GI lab for elective procedures only)*	# of pts who had specialty procedure initiate to request within 10 days	Total # of pts who had specialty procedure completed within the same time period	80% within 10 days
OR Access[1]			
Elective Surgical Access	# surgical cases completed within 14 days	# of surgical case requests submitted per month or year	80% within 14 days of patient's first stated availability
Cancer Time to Surgical Treatment	# of surgical cancer cases completed within 7 days of posting	# of surgical cancer case requested	90% of cancer cases scheduled within 7 days

[1]OR access expectations are for each surgical department. Above target access in one department cannot "cancel out" an out-of-access department

EXHIBIT B

PROTOCOLS AND PROCEDURES RELATING TO SEASONAL NEEDS OF MEMBERS

The following is a detailed review of what is needed from the New Hospital to meet the seasonal needs of Members. It represents the 'ideal' state for planning for seasonal surges in the New Hospital. The Parties will collaborate in good faith to implement the surge plan.

Overview: Surge Planning

Two seasonal trends:

- Medical Surgical Services: Winter surge, November thru March
- OB Services: Peak times for deliveries, July thru September

Goal: Zero diversions

Annual Strategy:
Expand access to after hours and weekend care as appropriate to minimize delays in care

Prepare to operationalize all available hospital bed capacity; rapidly deploy all needed equipment and supplies

Plan for the temporary expansion of high risk areas (e.g., overflow areas for ED waiting)

Documented Multi-Level Surge Plan:

- Every nursing, clinical and support department had a plan to increase capacity by staffing up and expanding hours of operations
- Plan could be triggered rapidly based on the level of demand
- Internal alert system to update leaders on the current demand level

Staffing Surge:
Limit non-productive time for patient care and support staff (EVS) from November thru March but plan for additional employee sick time

Deliberately staff nursing, clinical and support positions with a percentage of part time employees who could work additional hours without triggering overtime

Six (6) months in advance:

- Develop demand projections by service line: Medical, Surgical, ICU
- Based on the demand projections:
  - Offer employees additional regular hours for the surge period
  - Place an order for temporary staffing (travelers)
    - Primarily nursing but could also include pharmacists, therapists
    - Number scaled up and down with the demand curve

Fill any remaining gap with overtime.

EXHIBIT C

CARE REQUIREMENTS

The following terms shall apply to the New Hospital, and unless otherwise expressly stated shall not apply to the Existing Hospital:

(a) Call Coverage. The Parties recognize that the medical staff members at the New Hospital will provide medical evaluation and treatment necessary to stabilize individuals with emergency medical conditions in accordance with the resources available at the New Hospital ("On-Call Services"). In an effort to further the value and benefit the Affiliation provides to Members without increasing the responsibilities of the medical staff members at the New Hospital as a result of the Affiliation, SCPMG generally shall participate in call coverage at the New Hospital in accordance with the applicable medical staff bylaws and policies and procedures. SMMC acknowledges that SCPMG desires to be relieved of undue burden or discriminatory treatment with respect to call coverage. To address this concern, SMMC shall use its best efforts to eliminate or reduce call coverage obligations and unfair treatment of SCPMG during the term of this Agreement with SCPMG's acknowledgment that such efforts must remain consistent with the applicable medical staff bylaws and policies and procedures and that such efforts shall be implemented as to SCPMG on a non-discriminatory basis.

(b) Access to Certain Medical Data. The Parties recognize that the SMMC-affiliated and SCPMG-affiliated medical staff members at the New Hospital will be required to repeat certain laboratory tests in certain circumstances for purposes of verifying and ensuring accuracy. SMMC shall, and shall exert its best efforts to cause physicians and other practitioners on staff at the New Hospital to, provide SCPMG-affiliated medical staff members at the New Hospital with access to its medical data of Members relating to treatment in accordance with the guidelines and principles attached hereto as Exhibit D ("Medical Data Access Protocols") and subject to all of the Party's policies, procedures and third-party agreements. KP agrees to provide SMMC-affiliated medical staff members, for treatment purposes, access to medical data of Members maintained by KP to the extent such Members are patients in the New Hospital, in accordance with mutually agreed protocols, subject to all applicable KP policies, procedures and third-party agreements. The Parties agree to reasonably review and update Exhibit D from time to time, to reflect changes in the relationship of the Parties, changes in circumstances or industry practices or changes in applicable laws and to ensure consistency with the objectives of the Affiliation.

(c) Specialty Services; Targeted Review of Certain Services. With respect to inpatient services, for a Member requiring Specialty Services, SMMC shall, and shall exert its best efforts to cause physicians and other practitioners on staff at the New Hospital to, refer such Member to a SCPMG physician for the provision of such Specialty Services so long as a SCPMG physician provides such Specialty Services, and where no SCPMG physician provides such Specialty Services, SMMC shall, and shall exert its best efforts to cause physicians and other practitioners on staff at the New Hospital to, refer such Member as directed by SCPMG. With respect to outpatient services, for a Member requiring Specialty Services, SMMC shall not refer such Member to any non-SCPMG specialty or ancillary provider without prior SCPMG authorization. For outpatient tests or other services to Members that are listed on a targeted review

list (provided by SCPMG to SMMC in writing) at the time of ordering, SMMC shall not, and shall exert its best efforts to cause physicians and other practitioners on staff at the New Hospital to not, order such test or service without prior SCPMG authorization.

(d) Hospital-Based Physician Services. If SCPMG wishes to contract with a physician group with which SMMC contracts for hospital-based services at the Facilities (each a "HBP Group"), SMMC shall use its best efforts to cause every such HBP Group to enter into a contract with SCPMG at reasonable market competitive rates. If SMMC grants exclusivity to an HBP Group, SMMC shall use its best efforts to include an obligation in the exclusive contract with the HBP Group that in turn requires the HBP Group to enter into a contract with any third party payer (such as SCPMG), health plan or managed care program with which SMMC is in network containing (i) reasonable market competitive rates, (ii) an obligation that the group accept such rates as payment in full for services rendered and (iii) a prohibition that the group cannot seek payment from patients or health plan members above their applicable cost sharing amounts (collectively a "Contracting Commitment"). In the event SMMC receives evidence that reasonably substantiates a material breach claim against an HBP Group for violation of its Contracting Commitment (including through receipt of written affidavits from SCPMG attesting to the fact that a HBP Group has failed to contract with SCPMG at reasonable market competitive rates), SMMC shall promptly take any legally justifiable and reasonable action to enforce the Contracting Commitment with that HBP Group (including up to, if necessary, notice of termination for material breach and demand for a cure).

SMMC will collaborate with the Care Coordinating Committee as part of the selection or renewal of any exclusive hospital-based services agreement regarding quality and service expectations of the HBP Group. The Care Coordinating Committee shall monitor quality and service of exclusively contracted HBP Groups, shall identify any concerns or deficiencies, and design appropriate remediation plans, provided that any practitioner-specific professional conduct or competency concerns shall be addressed through applicable hospital medical staff committees and processes and all information pertaining to such conduct or competency concerns shall be kept confidential as required by applicable law and such processes. SMMC shall use best efforts to include in such exclusive contracts any quality and service performance metrics recommended by the Care Coordinating Committee, and to support the Care Coordinating Committee in the ongoing review, monitoring and escalation of quality and service concerns. If the identified concerns or deficiencies are not remediated successfully and/or timely, the Care Coordinating Committee may recommend termination of the exclusive contract to Hospital executive leadership, and if necessary, to the Quality Committee of the Board and SMMC shall promptly take any legally justifiable and reasonable action to enforce the contract with that HBP Group (including up to, if necessary, notice of termination for material breach and demand for a cure). SMMC shall support SCPMG hospitalists and specialists on the medical staff of the Facilities in their provision of care to Members, including with respect to SCPMG's interactions with other medical groups providing such hospital-based services.

(e) Exclusive Departments. The Parties agree that the Care Coordinating Committee must have input into and approve of any decision by SMMC to enter into an exclusive contract with a physician group for the provision of professional services in a specific department at the New Hospital (for example, the Intensive Care Unit) such as to prohibit the provision of such services in that department by SCPMG to KP Members; provided, however, that the parties

acknowledge and agree that as of the Effective Date SMMC has exclusive contracts with physician groups for the following departments (and may continue to have such arrangements through the renewal of existing exclusive contracts or through entering into new exclusive contracts): anesthesia, pathology, radiology, and emergency.

(f) Repatriation for KP Members. The repatriation (coordinated by KP's EPRP directly contacting the Providence St. Joseph Health Regional Patient Placement Coordinator) guidelines and principles as set forth in Exhibit A ("Repatriation Protocols") shall apply when the Members are admitted to a hospital other than the New Hospital or when Members admitted to the New Hospital are being transferred to another Kaiser owned, operated or contracted hospital. Kaiser and SCPMG shall administer the Repatriation Protocols and SMMC shall admit each repatriated Member with respect to whom SMMC has confirmed that it will assign a bed to such Member. The SCPMG physicians shall work with the SMMC transfer service to repatriate Members into or out of the New Hospital, and SMMC shall exert best efforts to support the timely transfers of all such Members. The Parties agree to reasonably review and update the Repatriation Protocols from time to time, to reflect changes in the relationship of the Parties, changes in circumstances or industry practice or changes in applicable laws and ensure consistency with the objectives of the Affiliation.

(g) Provision of Services. SMMC shall provide written notice to KP of the following events with as much advance notice as the circumstances allow: (i) the planned long-term (greater than thirty (30) days) closure of any New Hospital department, clinical service or inpatient nursing unit, or the planned material downsizing (greater than twenty percent (20%) of capacity) of any hospital facility department, clinical service or overall hospital facility inpatient bed capacity, (ii) the planned material change of hospital facility operations, whether clinical or otherwise, that will or may have a material effect on the terms of this Agreement or the HCSA, or on the manner in which Services are provided to Members at a hospital facility or (iii) the closure or anticipated closure (when not planned by SMMC in advance) of any hospital facility department, clinical service or inpatient nursing unit, or upon any event or condition causing a material change in SMMC's ability to provide Services at a hospital facility under the HCSA, or otherwise in the provision of such Services at a hospital facility. SMMC shall use best efforts within the constraints of the applicable circumstances to give KP at least one (1) year prior notice of plans of the nature described in clause (i) or clause (ii) of the immediately preceding sentence. Other than an event or action that is mandated by law or over which SMMC has no control, the Care Coordinating Committee shall be given the opportunity to review and consider the impact of the proposed action and to address any concerns with respect to the action, as well as to consider the availability of other SMMC assets to be accessed by Members due to the event. If SMMC proposes to relocate from the New Hospital a service theretofore provided directly by SCPMG physicians, SMMC shall relocate that service to an alternative site where the SCPMG physicians and Kaiser shall have rights and privileges corresponding to those at the New Hospital as set forth under the Definitive Agreements and can continue to provide uninterrupted patient care to Members in that service category.

(h) Services to be Provided by SCPMG Physicians at the New Hospital. SMMC acknowledges the unique relationship among KFH, SCPMG and KFHP, and understands that a material basis upon which Kaiser and SCPMG are entering into the Definitive Agreements is SMMC's commitment to have SCPMG physicians and allied health practitioners available to

provide professional medical services to Members at the New Hospital upon the New Hospital Commencement of Operations Date. The Parties acknowledge their intent in entering into the Definitive Agreements and hereby agree that SCPMG shall at all times be provided the necessary and appropriate access and privileges, including without limitation sole admitting and discharge rights at the New Hospital, to have SCPMG physicians and allied health practitioners available to be the primary providers of the professional medical care to Members at the New Hospital in accordance with the hospital's medical staff bylaws, rules and regulations and outstanding exclusive contractual arrangements for hospital based specialty services. The New Hospital shall upon the New Hospital Commencement of Operations Date , and as a glidepath to achieving the intent of this Agreement, the Existing Hospital shall upon the Effective Date promptly review, consider and reach a conclusion on any medical staff, allied health practitioners staff and related privileging applications from practitioners who are (1) employed by or contracted by SCPMG and (2) not members of the hospital's professional staff, allied health practitioner staff, or so privileged, and any such review, consideration, and conclusion shall be in accordance with all of the hospital's applicable policies and procedures, professional staff bylaws, rules and regulations, and on the same substantive and procedural basis as applications by other similarly licensed, credentialed, and experienced practitioners. SMMC shall use its best efforts in supporting SCPMG physicians and allied health practitioners in applying for and obtaining full active staff membership at the Facilities (including all clinical privileges to perform services as requested by KP at the Facilities) and ensure that the Facilities treat them in the same manner, with the same substantive and procedural rights, as all other persons seeking or holding similar hospital medical staff membership or clinical privileges at the Facilities, including without limitation eligibility for staff and department officer positions, membership on committees (including without limitation the medical executive (MEC), quality, infection, peer review, and ethics committees), medical directorships, and other similar arrangements, procedure and operating room access and scheduling, access to ancillary services, support staff, surgical assistants and other services, exclusive or other contracts between a hospital and any provider of hospital-based physician services, and other support privileges such as parking and dining, sleep, and conference room use. SCPMG physicians who are members of a hospital's medical staff shall participate in On-Call Services at the hospital in accordance with paragraph (b) above. SMMC and SCPMG shall exert best efforts to amend the Medical Staff Bylaws (subject to all required approvals for amendment to Medical Staff Bylaws) applicable to both the Existing Hospital and New Hospital and related policies and procedures to eliminate any and all residency requirements and to otherwise provide that minimum qualifications for active staff membership may be satisfied by alternative arrangements, other than residence within a defined geographic boundary of the Existing Hospital and New Hospital (so long as the physician proximity to the Existing Hospital or New Hospital is sufficient to provide continuity of quality care). The Facilities shall adopt and consistently apply policies and procedures, bylaws, rules, regulations, and practices that do not adversely affect, and shall refuse to ratify or approve any action by the medical staff that directly or indirectly discriminates against, the interests of SCPMG physicians or allied health practitioners either individually or as a class by virtue of their employment by or other affiliation with KP. The Facilities shall provide an impartial and fair clinical proctoring program that is consistent with applicable professional standards and include both prospective and concurrent components. SCPMG physicians and allied health practitioners seeking new or expanded privileges shall be proctored during the privileging process in a non-discriminatory fashion in accordance with the applicable facility policies and procedures, bylaws, rules, and regulations and, if applicable, any and all corrective action plans provided to the

California Department of Public Health, CMS, or The Joint Commission (as defined in the HCSA). At all appropriate times after the Effective Date hereof, SMMC shall, and shall exert its best efforts to cause physicians and other practitioners on staff at the Facilities to, assist in the coordination with the SMMC Chief Medical Officer on proctoring assignments for SCPMG physicians and allied health practitioners to enable the satisfaction of proctoring requirements for such physicians and professionals as promptly as is feasible. Notwithstanding the foregoing, during the twelve (12) months immediately following opening of a new facility, SMMC shall use its best efforts to ensure an initial and ongoing expedited credentialing and proctoring process for SCPMG physicians in order to ensure that sufficient SCPMG physicians are on the medical staff as needed to provide care to KP Members.

(i) Utilization Management. SMMC shall participate and cooperate with the KP utilization and case management programs for Members with respect to services provided at the New Hospital, and KP shall operate these programs in accordance with the HCSA and the Medical Management Terms set forth therein. Each Party's staff for the New Hospital shall be given reasonable access, including electronic access, to Members' pertinent medical records for permissible purposes maintained by such Party in accordance with mutually agreed-upon protocols and subject to all applicable policies, procedures and third-party agreements of the Party whose systems or records are accessed. Generally, prior authorization shall not be required for inpatient services at the New Hospital (subject to the process for assigning an authorization number for billing purposes), however, non-SCPMG physicians shall be required to obtain prior authorization before referring a Member to a non-SCPMG physician for inpatient services if either (i) SMMC fails to guarantee SCPMG sole admit and discharge rights for Members with respect to the New Hospital, or the medical staff of the New Hospital repeatedly fails to respect the sole admit and discharge rights of SCPMG physicians, or (ii) the services appear on the Targeted Review List.

(j) Discharge Planning. SMMC shall exert best efforts to cause physicians and other practitioners on staff at the New Hospital to, collaborate with KP in support of KP's discharge planning at the New Hospital. KP shall institute discharge planning services on the Member's admission to the New Hospital and shall be completed by the medically appropriate discharge date, as determined by the attending physician. SMMC shall provide to KP documentation of the discharge planning process and, with respect to each discharge, shall furnish advance notice to KP's discharge planners to permit timely and orderly discharge of the Member. KP discharge planners shall have access to each patient's EMR and shall cooperate with SMMC professionals to enter required discharge information into each patient's EMR. For each Member receiving Services at the New Hospital, the following information shall be contained in the Member's EMR as of the date required by the medical staff bylaws and New Hospital policies and procedures: the discharge summary, medication list, and follow-up instructions to KP's continuing care case managers. KP will provide discharge planning services onsite at the New Hospital directly to Members receiving Services. SMMC shall, and shall exert its best efforts to cause physicians and other practitioners on staff at the New Hospital to, allow KP staff physical and telephonic access (including access to SMMC's computer files in compliance with applicable law) necessary to perform appropriate and timely discharge planning for Members receiving Services at the New Hospital. For hospitals other than the New Hospital, SMMC shall, and shall exert its best efforts to cause physicians and other practitioners on staff at the facilities to, provide discharge planning services directly to Members receiving Services, in collaboration with KP personnel.

(k) Liaisons. SMMC and KP shall each designate at least one liaison to serve as a point of contact at the New Hospital for daily issue resolution regarding the provision of Services to Members.

(l) Information Systems; Data Transfer. SMMC and KP shall take all reasonable steps necessary or appropriate to establish interfaces between their information systems at the New Hospital to permit electronic data transfer in real time to and from each of SMMC's and KP's systems of pertinent Member medical records (including KP HealthConnect), data and electronic claims processing and payment information (including KP ClaimsConnect). SMMC shall exert its best efforts to cause physicians and other practitioners on staff at the New Hospital to, provide SCPMG physicians with access to SMMC medical data regarding treatment of Members at the New Hospital, including without limitation, for regulatory purposes such as risk adjusted coding reviews as well as quality reporting purposes. KP shall provide SMMC with access to KP medical data regarding Members for treatment purposes at the New Hospital. The Parties shall in good faith meet to develop a mutually agreeable plan (including execution of a Health Information Exchange Agreement or other similar written agreements related thereto) for addressing electronic data interchange, placement of computers and other equipment in the facilities as necessary to enable SCPMG practitioners to access KP HealthConnect, and access and other information technology issues related to the administration of this Agreement. Any such mutually agreed-upon plan or agreement shall be reduced to writing and the SMMC shall bear all of the costs associated with the implementation of the plan or agreement. While a plan or agreement is being developed, SMMC shall use currently available manual or other existing electronic methods to provide to Kaiser and SCPMG daily bed availability, census, discharge, admissions, and other reports, SCPMG encounters with Member and non-Member patients and necessary billing information in a form requested by Kaiser and SCPMG and available in SMMC's reporting systems. In addition, SMMC shall furnish all medical equipment needed by Kaiser or SCPMG at the New Hospital to the same extent and in the same fashion as such medical equipment use is provided to all other providers. Except as set forth herein, until a plan or agreement is developed, each Party shall be responsible for and bear all of its own costs and expenses incurred with respect to the implementation of such interface at the New Hospital, unless a material expense arises from the implementation that exceeds basic EMR access and HIE requirements, in which case the Parties agree that the SMMC shall bear all of those costs and shall reimburse the Parties for any related out-of-pocket expenses. If the Parties cannot agree on the allocation of such expenses, the matter shall be resolved pursuant to the collaborative procedures set forth in Section 5 of this Agreement. Each Party agrees to strictly comply with its own applicable policies and applicable laws with respect to protected health information, data breaches and privacy and security. Additionally, a Party accessing and using another Party's applications, facilities and systems must abide by the policies and processes of the Party whose applications, facilities and systems are accessed, including with respect to protected health information, data breaches and privacy and security, as well as all applicable laws, rules and regulations. To the extent a Party reasonably determines that another Party (the "BA Party") is functioning as a business associate of such Party under the Health Insurance Portability and Accountability Act of 1996 as amended, the appropriate Parties shall enter into a business associate agreement in customary form to govern the BA Party's activities when it is functioning as a business associate.

(m) Bed Occupancy. SMMC shall notify Kaiser and SCPMG, through an assigned Kaiser/SCPMG liaison, if at any time all the staffed inpatient beds at the New Hospital

for any type of Service become occupied or unavailable for any reason. Thereafter, while staffed inpatient bed occupancy or unavailability for any Service persists, in establishing priorities for admissions, the New Hospital shall assign beds for such Services to Member patients in the same manner as beds are assigned to all other patients seeking admission at the New Hospital for such Services. In the event of surges in demand for inpatient beds, SMMC shall use its best efforts to properly staff and operationalize all available bed capacity necessary to meet such demands to the effect of minimizing any detrimental effect in the delivery of Services to Members under the Definitive Agreements.

If staffed inpatient beds for any type of Services are occupied or unavailable and the New Hospital cannot provide inpatient care to any Member within a reasonable time (based on the Member's medical condition), the New Hospital, upon request by KP, shall assist KP to secure admission for any such Member at another hospital selected by KP. SMMC and KP shall cooperate in repatriating Members to the New Hospital pursuant to the Repatriation Protocols and paragraph (g) above.

(n) Observation Bed/Outpatient Services. SMMC shall allow a SCPMG physician who has medical staff membership and appropriate clinical privileges at the New Hospital to be the attending physician for any Members admitted to the New Hospital' observation unit, or outpatient area in its emergency department, as allowed by applicable bylaws, policies and subject to the New Hospital' existing contractual obligations. SCPMG shall have eight (8) dedicated observation unit beds at the New Hospital and shall have a right of first refusal (at no additional cost) on any additional such beds at the New Hospital that can reasonably be made available for dedicated use.

(o) Availability. The Parties shall exert their best efforts to achieve as promptly as is practicable the objective of ensuring that Covered Services (as defined in the HCSA) are available to Members at the New Hospital twenty four (24) hours per day and seven (7) days per week, and in compliance with applicable recognized standards of practice, Program Requirements (as defined in the HCSA), all performance metrics established among the Parties in connection with the Affiliation, and all state and federal requirements applicable to KP for timely access and network adequacy.

(i) Accessibility. SMMC shall exert its best efforts to, and shall exert its best efforts to cause physicians and other practitioners on staff at the New Hospital to, provide Covered Services at the New Hospital under this Agreement and the HCSA that are readily available and accessible, provided in a prompt and efficient manner without delays in appointment scheduling and waiting times and consistent and in compliance with applicable recognized standards of practice, Program Requirements (as defined in the HCSA), all performance metrics established among the Parties in connection with the Affiliation, and all state and federal requirements applicable to KP for timely access and network adequacy. SMMC shall, and shall exert its best efforts to cause physicians and other practitioners on staff at the New Hospital to, provide equal access to the New Hospital to any person regardless of payment rates applicable to Members in accordance with the HCSA.

(ii) Capacity. The planning process herein is also designed to maintain, and increase as needed, adequate capacity at the New Hospital to meet the expected and fluctuating

needs of Members for Covered Services during the Term in compliance with applicable recognized standards of practice, Program Requirements (as defined in the HCSA), all performance metrics established among the Parties in connection with the Affiliation, and all state and federal requirements applicable to KP for timely access and network adequacy, including all of the following:

A. Providing staffing through use of travelers, registry, standby and on-call nurses and other staff for all available beds.

B. Reasonably extending hours of operation for operating rooms, cath labs, GI labs, diagnostic studies and ancillary Services to avoid delays in care to Members.

C. Providing additional capacity as may be achieved without the addition of licensed beds or other major undertakings.

D. In SMMC's discretion (and at its sole cost), providing additional capacity through the addition of licensed beds or other major undertakings.

E. Collaborating with Kaiser and SCPMG in the creation of an annual surge plan.

(p) Quality Reporting. With respect to services provided at the Facilities, SMMC shall provide Kaiser and SCPMG with SMMC's HCAHP scores and such other physician-services related scores collected by SMMC and contained in its standard reporting. SMMC shall provide to Kaiser and SCPMG on a quarterly basis a quality control report for the Facilities which shall include all relevant quality metrics collected by SMMC. The Parties agree to reasonably review and update the metrics that are reported on from time to time, to reflect changes in the relationship of the Parties, changes in circumstances or industry practices, or changes in applicable laws. In the event that SMMC does not report on a metric that is requested by Kaiser or SCPMG, SMMC will exert its best efforts to meet the request.

(q) Quality Assurance. SCPMG shall be given the same opportunities by SMMC at the New Hospital that are provided to all other physicians to do all of the following at the New Hospital consistent with applicable bylaws, processes and procedures:

(i) Attend and participate in, through offering presentation and other interactions, Medical Executive Committee meetings from time to time.

(ii) Any SCPMG physician who is a medical staff member may serve as a member of each Infection Control Committee, each Peer Review Committee, each Ethics Committee, each Medical Executive Committee, and each Quality Committee.

A SCPMG physician designated by SCPMG (who is a medical staff member) and one KFHP quality leader shall be appointed as members of the SMMC Performance Improvement Advisory Committee. In addition, a SCPMG physician designated by SCPMG shall be appointed as a non-voting member of the Quality Committee of SMMC's Board. As the quality programs within SMMC are restructured, additional opportunities will be identified for SCPMG participation.

In addition to SMMC's and KP's collaboration to implement the Care Requirements set forth in this Agreement, KP shall assist in SMMC's evaluation and improvement of its Quality Program to benefit all patients of the Facilities, which shall include a focus on patient safety initiatives and improving the Facilities' CMS star ratings.

(r) Durable Medical Equipment and New Equipment. Subject to applicable Medicare requirements on usage of durable medical equipment ("DME") and contract terms with SMMC vendors, in providing DME required for Members who are patients at the New Hospital or being discharged, SMMC shall, and shall exert its best efforts to cause physicians and other practitioners on staff at the New Hospital to, ensure that the New Hospital obtain from KP's DME vendor(s) the necessary Authorized (as defined in the HCSA) DME required by the Members to the extent available through the KP DME vendor(s). Subject to a referral from KP, SMMC shall, and shall exert its best efforts to cause physicians and other practitioners on staff at the New Hospital to, provide all DME required to be provided under Medicare guidelines in connection with services provided at the New Hospital, consistent with the foregoing required use of KP's DME vendor(s), whether or not such guidelines apply by Law to the Member. The governing body of the New Hospital and the board of managers of SMMC shall solicit KP input prior to acquiring or making any final decisions regarding any new equipment, and if KP has previously evaluated such equipment, KP shall have the right to make a presentation to the governing body of the New Hospital and board of managers of SMMC, as applicable, regarding KP's assessment of the efficacy, quality, cost, and other attributes of such equipment.

(s) Intentionally omitted.

(t) Provision of Space/Computer Access at the Facilities. KP shall, at no additional cost, have designated physical space at the New Hospital to be used by Kaiser and SCPMG for the following purposes: (i) for KP's designated discharge planners and discharge personnel; (ii) for personnel responsible for quality assurance and utilization management and to support administrative functions of KP's managers and SCPMG hospitalists and other physicians; (iii) work space for SCPMG hospitalists and physicians; and (iv) for adequate onsite storage space for a supply of DME, implants, high-cost drugs, devices and other items deemed necessary by KP. The Parties shall implement at the New Hospital the provisions of Exhibit D with respect to facility-based network, workstation, applications, support and other matters provided for in Exhibit D. To the extent requested by KP, SMMC shall, and shall exert its best efforts to cause physicians and other practitioners on staff at the New Hospital to, allow KP to install at the New Hospital computers with access to Members' medical records via KP's HealthConnect in available areas that are convenient to administrative care and/or patient care. Kaiser and SCPMG shall be allowed to use the New Hospital' conference rooms and other facilities for scheduled meetings to discuss patient related issues, in accordance with the New Hospital' scheduling policies. Kaiser and/or SCPMG shall provide reasonable advance notice to SMMC regarding the use of such rooms/facilities. The dedicated space and use of other space and installation of and use of computers by Kaiser and SCPMG and any charges therefor shall be in accordance with the New Hospital' policies and procedures and applicable laws and regulations and shall be on a non-discriminatory basis. SMMC shall work with KP to identify appropriate medical office space for lease by KP on mutually agreeable terms.

(u) High Cost Drugs, Implants, and Other Devices. The Parties shall exert their best efforts, in collaboration with third party suppliers, to determine whether they or the New Hospital could benefit from purchasing drugs, implants, devices or other items pursuant to existing KP or SMMC purchasing arrangements, including without limitation soliciting reports from each Party's GPO to estimate potential cost savings. Further, if any Party determines in good faith that they or the New Hospital could benefit from so utilizing existing purchasing arrangements, the Parties shall confer in good faith to determine whether to so utilize such existing purchasing arrangements. KP shall have at all times, as referenced in the HCSA, the right to separately acquire high cost drugs, implants, and other devices and at no additional cost and store them at the New Hospital for use with KP Members (in lieu of any such drugs, implants, or other devices procured by SMMC for patients generally).

(v) New Procedures and Technology. The governing body of the New Hospital and the board of managers of SMMC shall solicit and in good faith consider the input of KP prior to adopting or acquiring or making any final decisions regarding any newly-developed clinical procedures or technologies. Further, if KP then has previous experience with any such clinical procedures or technologies, KP shall have the right to make a presentation to the governing body of the New Hospital and the board of managers of SMMC, as applicable, regarding KP's assessment of the efficacy, quality, cost, and other relevant attributes of such clinical procedures or technologies.

(w) Reference Laboratory and Imaging Services.

(i) SMMC shall have the right to perform inpatient and hospital-based outpatient (if such outpatient testing could alter treatment that day) laboratory and imaging services. However, in the case of all other outpatient or physician office laboratory or imaging services, SMMC shall, and shall exert its best efforts to cause physicians and other practitioners on staff to, have the laboratory and imaging services performed at KP owned or contracted laboratory and imaging facilities.

(ii) With respect to any laboratory or imaging services for a Member that are not performed at KP owned or contracted laboratory or imaging facilities, SCPMG physicians shall have the right to offer a second opinion on all such laboratory and imaging results. In order to allow access to results of laboratory or imaging services performed in SMMC owned or contracted laboratory or imaging facilities, as well as to allow access to results of laboratory or imaging services performed in KP owned or contracted laboratory or imaging facilities, SCPMG shall initially access the SMMC Health Information Exchange ("HIE") for such results or SMMC and SCPMG shall determine another efficient means by which SCPMG has electronic access to such results. The Parties shall make good faith efforts to make laboratory and imaging results available, regardless of source, in the normal Electronic Medical Records (EMR) workflow for SCPMG as soon as possible.

EXHIBIT D

PROTOCOLS AND PROCEDURES RELATING TO ACCESS TO MEDICAL DATA

Kaiser Permanente Information Technology
Contract Language for Facilities / External Service Providers

The intent of this Exhibit D is to enable the real time or up to date free flow of information to care for patients of KP or patients where SCPMG physicians are members of the patient care team. As KP maintains a census at the New Hospital, KP expects to be provided with and consume administrative and clinical data necessary to accomplish its quality and administrative mission typical of a Kaiser Foundation Hospital.

KP staff, including but not limited to physicians, advanced practice professionals such as RNP and PA's, and discharge/UM staff shall be provided access to the New Hospital's electronic systems as is typical of their membership of the medical staff or, in the case of administrative staff, similar roles of SMMC.

SMMC has indicated its electronic health record will be provided by Epic Systems sometime in 2021. KP's electronic health record is provided by Epic Systems. These systems share a common data platform and design. Included in that design is Epic's CareEverywhere interoperability application which lets clinicians exchange and interact on data to provide better care for patients. As Epic adds additional capability to CareEverywhere such as reference quality image exchange and other modern technologies Epic introduces from time to time, SMMC will partner with KP to enable these technologies across our two platforms where and when appropriate and technically feasible.

Should SMMC choose to change the EMR at the New Hospital from Epic or not install Epic at the New Hospital, SMMC will join at least one of the national Health Information Exchanges KP belongs to and agree to develop a mutually agreeable clinical payload to exchange with KP.

The exchange of diagnostic quality images (DICOM) shall be enabled in SMMC's EMR at the New Hospital. KP and SMMC radiology departments will work together to operationalize DICOM.

KP desires to measure the care delivery it provides at the New Hospital as it measures care delivered at its own KP hospitals. SMMC agrees to create and provide access to a KP specific DataMart which includes all clinical and administrative data for all KP patients. KP shall have unrestricted access to the DataMart with respect to its patients cared for at the New Hospital ("KP Data"). KP shall have the ability to write reports against said DataMart and export to KP systems, as desired. Subject to normal restrictions on use of patient data, KP shall have the right to use KP Data for any purpose in its sole discretion.

SMMC shall provide real time or, at least, hourly ADT interface directly to KP and/or through a KP supplied integrator to KP. If there are situations where this timing and method are not technically feasible, SMMC shall provide alternative methods and timing. The data in that interface shall be typical of the industry, but at a minimum contain: pre-admit, admit, transfer, pre-

discharge, discharge info for inpatients, hospital outpatients and Emergency patients typical of Epic Systems.

Each Party shall enable remote access to its PACS repository and allow for access by the other Parties with provisioning per its standard policies and procedures.

Each Party shall enable remote access to its EMR and allow for access by the other Parties with provisioning per its standard policies and procedures.

Each Party shall establish a B2B VPN and/or a dual circuit network connection to enable KP providers caring for KP members at the New Hospital direct access to KP member/patient information in KP's EMR from workstations at the New Hospital.. If wireless access for KP providers to the KP EMR is required, the Parties shall collaborate on utilizing either the B2B VPN or dual network circuit to enable wireless connectivity.

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EXHIBIT F

HEALTH CARE SERVICES AGREEMENT – EXISTING HOSPITAL

[See attached]

Submitted under separate cover as a confidential document in accordance with Section 999.5(c)(3).

EXHIBIT G

HEALTH CARE SERVICES AGREEMENT – NEW HOSPITAL

[See attached]

Submitted under separate cover as a confidential document in accordance with Section 999.5(c)(3).

EXHIBIT H

FORM BILL OF SALE

[See attached]

BILL OF SALE, ASSIGNMENT AND ASSUMPTION

This Bill of Sale, Assignment and Assumption (this "**Bill of Sale**") is made by and between St. Mary Medical Center, a California nonprofit public benefit corporation ("**SMMC**"), and St. Mary Medical Center, LLC, a California limited liability company ("**Company**"), pursuant to that certain Contribution Agreement between SMMC and Company dated **[**_____, 2020] (the "**Contribution Agreement**"). By this instrument, SMMC and Company, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, agree as follows:

1. **Contribution and Assignment**. Effective as of 12:01 a.m. Pacific time on the Closing Date as defined in the Contribution Agreement (the "**Effective Time**"), SMMC hereby contributes, conveys, transfers, assigns and delivers to Company, and Company accepts from SMMC, all of SMMC's right, title and interest in and to those "Hospital Assets" of SMMC as described in Section 1.1 of the Contribution Agreement, free and clear of any and all claims, assessments, security interests, liens, restrictions, and encumbrances, except for Permitted Liens (as such term is defined in the Contribution Agreement).

2. **Assumption of Assumed Liabilities**. SMMC hereby assigns to, and Company hereby assumes and agrees to discharge on or after the Effective Time, the "Assumed Liabilities" set forth in Section 1.3 of the Contribution Agreement, and no other liabilities of SMMC.

3. **Miscellaneous Provisions**.

a. **Contribution Agreement**. This Bill of Sale is executed and delivered in connection with the Contribution Agreement. Capitalized terms used but not defined herein shall have the meanings set forth in the Contribution Agreement. Notwithstanding anything herein to the contrary, nothing herein shall in any way vary or waive the promises, agreements, representations and warranties set forth in the Contribution Agreement.

b. **Notices**. All notices or other communications or deliveries provided for hereunder shall be given as provided in the Contribution Agreement.

c. **Dispute Resolution**. In the event any disagreement, dispute, or claim arises between the parties hereto with respect to the enforcement or interpretation of this Bill of Sale or any specific terms and provisions set forth in this Bill of Sale, the parties hereto shall proceed with respect to such dispute in accordance with the dispute resolution process described in Section 11.2 of the Contribution Agreement.

d. **Successors in Interest**. This Bill of Sale and all of the provisions hereof shall be binding upon, and inure to the benefit of, the successors and assigns of the parties hereto permitted under the Contribution Agreement.

e. **Governing Law**. This Bill of Sale shall be interpreted, construed and governed according to the laws of the State of California.

f. Counterparts. This Bill of Sale may be executed in counterparts including via facsimile and electronic mail with scan attachment, each of which shall be deemed an original and all of which together shall constitute one document.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned have caused this Bill of Sale to be executed by their duly authorized officers as of the date and year first written above.

COMPANY:

ST. MARY MEDICAL CENTER, LLC,
a California limited liability company

By:_____
Name: [_____]
Title: Manager

By: _____
Name: [_____]
Title: Manager

SMMC:

ST. MARY MEDICAL CENTER,
a California nonprofit public benefit corporation

By: Covenant Health Network, its Member

By:_____
Name: Erik G. Wexler
Title: President

EXHIBIT I

FORM ASSIGNMENT AND ASSUMPTION AGREEMENT

[See attached]

ASSIGNMENT AND ASSUMPTION

THIS ASSIGNMENT AND ASSUMPTION (this "**Assignment**") is made as of the Effective Date (as defined below) by and between St. Mary Medical Center, a California nonprofit public benefit corporation ("**Assignor**"), and St. Mary Medical Center, LLC, a California limited liability company ("**Assignee**"), with reference to the following facts:

RECITALS

A. Assignor is a party to the contracts set forth in Schedule 1.1(i) of the Contribution Agreement (as defined below) (the "**Assumed Contracts**") in connection with Assignor's ownership and operations of St. Mary Medical Center ("**SMMC**").

B. Assignor and Assignee are parties to that certain Contribution Agreement dated [_____, 2020] (the "**Contribution Agreement**"), pursuant to which Assignor will contribute to Assignee substantially all of the assets used in connection with the operations of SMMC.

C. The Contribution Agreement contemplates Assignor's assignment of all of the Assumed Contracts to Assignee.

D. Assignor now desires to assign to Assignee all of Assignor's rights, title, interests and obligations under the Assumed Contracts, and Assignee desires to assume all such rights, title, interests and obligations, subject to the terms of this Assignment.

NOW, THEREFORE, in consideration of the foregoing Recitals, the covenants and conditions contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

AGREEMENT

1. Assignment. On the terms and conditions contained in this Assignment and in the Contribution Agreement, Assignor hereby assigns, transfers and conveys to Assignee: (a) all of Assignor's right, title and interest in, to and under the Assumed Contracts as of the Effective Date, and (b) all of Assignor's obligations under the Assumed Contracts as of the Effective Date.

2. Acceptance and Assumption. On the terms and conditions contained in this Assignment, Assignee hereby: (a) accepts the foregoing assignment, transfer and conveyance of Assignor's entire right, title and interest in, to and under the Assumed Contracts as of the Effective Date, and (b) assumes all of Assignor's obligations under the Assumed Contracts arising on or after the Effective Date, and agrees to perform all such obligations under the Assumed Contracts. Notwithstanding anything in this Assignment to the contrary, Assignee shall not be liable for, and, Assignor hereby acknowledges and agrees that Assignor shall continue to remain liable for, the performance of all of Assignor's obligations under the Assumed Contracts accruing prior to the Effective Date.

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3. Effective Date. For purposes of this Assignment, "**Effective Date**" shall have the same meaning as given to the term "Closing Date" in the Contribution Agreement.

4. Notices. All notices or other communications or deliveries provided for hereunder shall be given as provided in the Contribution Agreement.

5. Dispute Resolution. In the event any disagreement, dispute, or claim arises between the parties hereto with respect to the enforcement or interpretation of this Assignment or any specific terms and provisions set forth in this Assignment, the parties hereto shall proceed with respect to such dispute in accordance with the dispute resolution process set forth in Section 11.2 of the Contribution Agreement.

6. Entire Agreement; Amendment. This Assignment is intended by the parties as a final, complete and exclusive expression of their agreement and understanding between the parties with respect to the subject matter contained herein. This Assignment supersedes all prior agreements and understandings between the parties with respect to the subject matter hereof and this Assignment may not be amended, modified or changed except only by a written instrument signed by the parties hereto. Notwithstanding anything herein to the contrary, nothing herein shall in any way vary or waive the promises, agreements, representations and warranties set forth in the Contribution Agreement.

7. Successors in Interest. This Assignment and all of the provisions hereof shall be binding upon, and inure to the benefit of, the successors and assigns of the parties hereto permitted under the Contribution Agreement.

8. Governing Law. This Assignment shall be governed by, interpreted under, and construed and enforceable in accordance with, the laws of the State of California.

9. Counterparts. This Assignment may be executed in counterparts including via facsimile and electronic mail with scan attachment, each of which shall be deemed an original and all of which together shall constitute one document.

10. Severability. The parties hereto intend and believe that each provision of this Assignment comports with all applicable law. However, if any provision of this Assignment is found by a court to be invalid for any reason, the parties intend that the remainder of this Assignment shall continue in full force and effect and the invalid provision shall be construed as if it were not contained herein.

[Signatures page follows]

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IN WITNESS WHEREOF, the parties hereto have executed this Assignment as of the Effective Date.

ASSIGNEE:

ST. MARY MEDICAL CENTER, LLC,
a California limited liability company

By:_____
Name: [_____]
Title: Manager

By: _____
Name: [_____]
Title: Manager

ASSIGNOR:

ST. MARY MEDICAL CENTER,
a California nonprofit public benefit corporation

By: Covenant Health Network, its Member

By:_____
Name: Erik G. Wexler
Title: President

EXHIBIT J

KAISER LICENSE AGREEMENT

[See attached]

TRADEMARK LICENSE AGREEMENT

This Trademark License Agreement (this "Agreement") is made and entered into effective [_____ ___, 202_] (the "Effective Date") between Kaiser Foundation Health Plan, Inc., a California nonprofit public benefit corporation ("Licensor"), and St. Mary Medical Center, LLC, a California limited liability company ("Licensee"). Licensor and Licensee are collectively referred to in this Agreement as the "Parties" and each a "Party".

RECITALS

A. Licensor is the owner of the registered trademarks ("Licensed Marks") set forth in Exhibit A.

B. Licensee was formed as a limited liability company pursuant to the California Revised Uniform Limited Liability Company Act for the purposes of owning and operating the SMMC Business (as defined in Licensee's Operating Agreement of even date herewith (as such may be amended from time to time, the "Operating Agreement")), which includes the SMMC Hospital (as defined in the Operating Agreement) and capitalizing and constructing a replacement facility for the SMMC Hospital in the High Desert region of California (the "New SMMC Hospital"). Kaiser Foundation Hospitals ("KFH") and St. Mary Medical Center, a California nonprofit public benefit corporation ("SMMC"), are the only members of Licensee.

C. In addition, Licensee, Licensor, KFH, and SMMC are parties to that certain Affiliation Agreement dated [_____ ___, 20__] (the "Affiliation Agreement"), which in addition to the Operating Agreement, sets for certain terms related to the operation of the New SMMC Hospital, including execution of this License Agreement in order to enable the Parties to co-brand the New SMMC Hospital.

D. Licensee desires a license from Licensor under the Licensed Marks for the Licensed Services and Affiliation (as defined below), and Licensor is willing to grant the same upon the terms and conditions hereinafter recited.

AGREEMENT

NOW, THEREFORE, in consideration of the agreements, covenants, representations, and warranties set forth in this Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties acknowledge the accuracy and completeness of the foregoing recitals, and agree as follows:

1. Grant of License. During the Term of this Agreement, Licensor hereby grants to Licensee a nontransferable, nonassignable, revocable, nonexclusive right, without the right to sublicense, to use the Licensed Marks, solely and only in the Territory (as defined below), on and in connection with the display, advertising, promotion, marketing, and operation of the SMMC Hospital, the New SMMC Hospital and the services rendered there, and the affiliation between the Parties generally (collectively, the "Licensed Services and Affiliation"), which shall at all times be consistent with (A) this Agreement, including without limitation the Trademark Usage

Requirements attached hereto as Exhibit B, and (B) the Operating Agreement, including without limitation the Branding Program (as defined in the Operating Agreement) (the "License"). All rights of Licensor in and to the Licensed Marks not expressly granted under this Section 1 are reserved by Licensor. Licensee shall not combine any Licensed Mark with any other trademarks, trade names, or logos in a manner that would (or would be reasonably likely to) be construed as a composite trademark (for clarity, co-branding as contemplated herein and under the Affiliation Agreement and Operating Agreement is acceptable).

2. Territory. For purposes of this Agreement, "Territory" shall mean the areas of California covered by the following zip codes: 92301, 92307, 92308, 92342, 92344, 92345, 92356, 92368, 92371, 92372, 92392, 92394, 92395, 92397.

3. Term. The term ("Term") of this Agreement shall begin on the Effective Date and shall continue until termination of the Affiliation Agreement, or subject to earlier termination in accordance with the termination provisions of this Agreement. Upon termination of this Agreement, Licensee shall immediately discontinue all use of the Licensed Marks.

4. License Value. The Parties acknowledge and agree that the value of the License is Eight Million Dollars ($8,000,000) (the "License Value"). Therefore, in consideration of the rights granted hereunder during the Term, the Parties acknowledge and agree that, pursuant to Section 4.02(b)(i)(C) of the Operating Agreement, KFH has the right to offset the Construction Capital Contributions (as defined in the Operating Agreement) owed by KFH under the Operating Agreement by an amount equal to the License Value. The Parties agree that such offset shall serve as a one-time, fully prepaid fee for Licensee's right to use the License throughout the entire Term of this Agreement.

5. Indemnification and Protections.

A. Licensee shall assist Licensor, to the extent necessary, to protect any of Licensor's rights to the Licensed Marks, and Licensor, if it so desires and in its sole discretion, may commence or prosecute any claims or suits in its own name or in the name of Licensee or join Licensee as a party thereto. Licensee shall notify Licensor in writing of any infringements or imitations by others of the Licensed Marks of which it is aware. Licensor shall have the sole right to determine whether or not any action shall be taken on account of such infringements or imitations. Licensee shall not institute any suit or take any action on account of any such infringements or imitations without first obtaining the written consent of Licensor to do so. Licensee agrees that it is not entitled to share in any proceeds received by Licensor (by settlement or otherwise) in connection with any formal or informal action brought by Licensor hereunder with respect to the Licensed Marks.

B. Licensee hereby agrees to indemnify, defend, and hold Licensor, its members, affiliates, directors, officers, employees, agents, representatives, successors and assigns harmless from any claims, suits, damages, and costs (including attorneys' fees and expenses) arising out of (i) any unauthorized use of or infringement of any intellectual property right by Licensee not involving a claim of right to the Licensed Marks, (ii) alleged defects or deficiencies in said Licensed Services and Affiliation or the use thereof, or false advertising, fraud, misrepresentation or other claims related to the Licensed Services and Affiliation not involving a claim of right to the Licensed Marks, (iii) the breach by Licensee of this Agreement or any applicable law or regulation, (iv) libel or slander against, or invasion of the right of privacy, publicity or property of, or violation or misappropriation of any other right of any third party, (v) the injury or alleged injury of any person and/or (vi) agreements or alleged agreements made or entered into by Licensee to effectuate the terms of this Agreement. Licensor shall give Licensee notice of the making of any claim or the institution of any action hereunder and Licensor may at its option participate in any action. The indemnification hereunder shall survive the expiration or termination of this Agreement.

6. Insurance. Licensee agrees to obtain, at its own cost and expense, comprehensive general liability insurance from an insurance company reasonably acceptable to Licensor, providing adequate protection for Licensor against any claims or suits arising out of any of the circumstances described in paragraph 5(B) above, in an amount no less than $5,000,000.00 (five million dollars) per incident or occurrence, or Licensee's standard insurance policy limits, whichever is greater, and with a reasonable deductible in relation thereto. Such insurance shall remain in force at all times during the Term and for a period of five (5) years thereafter. Within thirty (30) days from the Effective Date, Licensee will submit to Licensor a fully paid policy or certificate of insurance naming Licensor as an additional insured party and requiring that the insurer shall not terminate or modify such policy or certificate of insurance without written notice to Licensor at least thirty (30) days in advance thereof.

7. Copyright and Trademark Notices and Registrations. All uses of the Licensed Marks shall include any notice designations legally required or useful for enforcement of copyright, trademark or service mark rights (e.g., "©," "®," "SM" or "TM") as determined solely by Licensor. Licensor shall have the right to revise the above notice requirements and to require some other notices as shall be reasonably necessary to protect the interest of Licensor in the Licensed Marks. Upon request, Licensee will deliver to Licensor the required number and type of specimen samples necessary for use in procuring copyright, trademark and/or service mark registrations with respect to the Licensed Marks in the name of Licensor. Licensor shall be solely responsible for taking such action as it deems appropriate to obtain such copyright, trademark or service mark registrations for the Licensed Marks.

Licensee also agrees that, in any case where it employs the services of photographers, graphic designers, artists, or other similar service providers in connection with the production, promotion, marketing or distribution of the Licensed Services and Affiliation, it will require each such photographer, graphic designer, artist or other similar individual to agree in writing that the photographic, graphic, artistic or other similar works he, she or it produces for Licensee shall be "works made for hire" for the purpose of the copyright laws, and that to the extent such photographic, graphic, artistic or other similar works may not qualify as "works made for hire," the copyright in each such work is assigned to Licensor, but only to the extent that such work

features the Licensed Marks and only for the portion of such work that features the Licensed Marks. Licensee hereby assigns to Licensor all copyrights Licensee obtains from such works made for hire engagements but only to the extent that such work features the Licensed Marks and only for the portion of such work that features the Licensed Marks.

8. Approvals; Quality Control.

Prior to any use, sale, display, publication or distribution to the public of any items bearing the Licensed Marks, Licensee shall supply Licensor with a sample of such item. Licensor shall review the sample and will use commercially reasonable efforts to within thirty (30) days of receipt notify Licensee of its approval or objections to said use. Such samples shall also be sent upon any change in design, style or quality, which shall necessitate subsequent approval by Licensor; provided, however, that if Licensor does not object to any such change in design, style or quality within thirty (30) days of its submission by Licensee, such change in design, style or quality shall automatically be deemed approved by Licensor. Upon Licensor's approval, photographs may be provided as samples where it is not feasible to provide an original sample.

All Licensed Services shall be maintained at a standard that is equivalent in Licensor's determination to other goods and services that are provided or licensed by Licensor. Licensee shall maintain all goods and services bearing the Licensed Marks at a high quality standard reasonably acceptable to Licensor. Licensor also has the right to inspect any goods or services covered by this Agreement at any time to ensure that the goods and services are maintained at a high quality standard reasonably acceptable to Licensor.

9. Goodwill. Licensee recognizes the great value of the publicity and goodwill associated with the Licensed Marks owned by Licensor and in such connection, acknowledges that such goodwill belongs exclusively to Licensor, and that the Licensed Marks owned by Licensor have acquired a secondary meaning in the minds of the purchasing public.

10. Specific Undertakings of Licensee. During the Term, and each additional license period if any thereafter, Licensee agrees that:

A. Licensee will not acquire any rights in the Licensed Marks as a result of its use and all use of the Licensed Marks shall inure to Licensor's benefit. In the event Licensee acquires any rights in the Licensed Marks, Licensee hereby assigns all such rights and any associated goodwill to Licensor.

B. It will not, directly or indirectly, attack the title of Licensor to the Licensed Marks, or any similar mark, as determined by Licensor, or any copyright, trademark or service mark pertaining thereto, nor will it attack the validity of the License granted hereunder, or use the Licensed Marks in any manner other than as licensed and permitted hereunder.

C. It will not at any time use any other trademark or service mark similar to any Licensed Mark, as determined by Licensor, or apply to register or register any copyright, trademark, or service mark similar to any Licensed Mark, as determined by Licensor, or file any document with any governmental authority or take any action which would affect the ownership of the Licensed Marks or aid or abet anyone in doing so.

D. It will not intentionally harm, misuse or bring into disrepute any Licensed Mark.

E. It will sell, promote, advertise and distribute the Licensed Services and Affiliation in a legal and ethical manner, in compliance with all applicable laws, rules, and regulations and in accordance with the terms and intent of this Agreement.

F. It will not create any expenses chargeable to Licensor without the prior written approval of Licensor.

G. It will not use any trademark, service mark, name, logo or copyright of Licensor aside from the Licensed Marks, without the express written approval of Licensor or unless Licensor has expressly required such use.

H. It will comply the guidelines set forth on Exhibit B, and it will comply with all laws, regulations and standards that apply to the Licensed Services.

I. It will not disclose any confidential, private, restricted or otherwise nonpublic information concerning Licensor which, it acknowledges, it may become privy to during the Term of this Agreement.

11. Termination. Licensor shall have the right to terminate this Agreement without prejudice to any other rights which it may have, whether under the provisions of this Agreement, in law or in equity or otherwise, upon the occurrence of any one or more of the following events (a "Default" or "Defaults"):

A. If Licensee fails to deliver to Licensor or to maintain in full force and effect the insurance referred to in Section 6 hereof;

B. If Licensee shall materially breach any of the terms of this Agreement; and/or

C. Upon termination of the Affiliation Agreement.

In the event any of these Defaults occur and Licensor desires to exercise its right of termination under the terms of this Section 11, termination will not be effective until Licensor provides Licensee with written notice of any alleged Default and Licensee then has (i) ten (10) days in which to completely cure such alleged Default with regard to 11(A) (any insurance that is issued must be retroactive to the effective date of this Agreement); (ii) with regard to 11(B) and (C), thirty (30) days in which to completely cure such alleged Default or such-longer period of time as

Licensor may agree to if Licensee is diligently attempting to completely cure such alleged Default. Any cure Licensee offers must be satisfactory to Licensor.

In the event any of these Defaults occurs after the expiration of any applicable cure period and Licensor desires to exercise its right of termination under the terms of this Section 11, Licensor shall give notice of termination in writing to Licensee. Upon termination or expiration of the term hereof, all rights, licenses and privileges granted to Licensee hereunder shall automatically revert to Licensor and Licensee shall execute any and all documents reasonably necessary to evidence such automatic reversion which may be requested by Licensor.

12. Injunction. Licensee acknowledges that its failure to perform any of the terms or conditions of this Agreement, including its failure to maintain the high quality of the Licensed Services and Affiliation, or its failure upon the expiration or termination of this Agreement to cease the use of the Licensed Marks shall result in immediate and irreparable damage to Licensor. Licensee also acknowledges that there may be no adequate remedy at law for such failures and that in the event thereof Licensor shall be entitled to equitable relief in the nature of an injunction (without the requirement of having to post bond) and to all other available relief, at law and/or in equity.

13. Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given when delivered in person, when delivered by fax or other electronic means or by a nationally recognized overnight courier, or if mailed, five (5) days after being deposited in the United States mail, certified or registered mail, first-class postage prepaid, return receipt requested, to the Licensor or Licensee, as applicable, at the following addresses or facsimile numbers:

If to Licensee:

Erik G. Wexler
Executive Vice President PSJH
and Chief Executive PSJH
Southern California
3345 Michelson Drive, Suite 100
Irvine, CA 92612

With copy to:

Alitha Leon Jenkins, Esq.
Senior Corporate Counsel
800 Fifth Avenue, Suite 1200
Seattle, WA 98104

and

McDermott Will & Emery
2049 Century Park East
32nd Floor
Los Angeles, CA 90067
Attn: James F. Owens, Esq.

If to Licensor:

Julie Miller-Phipps
Southern California Regional President
Kaiser Foundation Hospitals & Health Plan
393 East Walnut Street
Pasadena, CA 91188

With copy to:

Jalena Bingham, Esq.
Vice President and Assistant General Counsel
Kaiser Foundation Hospitals & Health Plan
1 Kaiser Plaza, 1922 Bayside
Oakland, CA 94612

and

BakerHostetler
200 Civic Center Dr. #1200
Columbus, Ohio 43215
Attn: Frank C. Miller, Esq.

14. Waiver, Modification, Etc. No waiver, modification or cancellation of any term or condition of this Agreement shall be effective unless executed in writing by the Party charged therewith. No waiver by either Party hereto of any breach of this Agreement shall be deemed to be a waiver of any preceding or succeeding breach of the same of any other provision hereof. The exercise of any right granted to either Party hereunder shall not operate as a waiver. Licensor makes no warranties or representations to Licensee except those specifically expressed herein.

15. Survival. Sections 4, 5, 6, 9, 10.A, 10.B, 10.C, 11, 12, 15, 20, 21, 23, and 24 shall survive the termination or expiration of this Agreement. In addition, all provisions of this Agreement necessary to interpret the rights and obligations of the Parties prior to such termination or expiration and/or enforce the same shall survive termination or expiration.

16. No Partnership; No Third Party Beneficiaries. This Agreement does not constitute and shall not be construed as constituting an agency, partnership or joint venture relationship between Licensee and Licensor. Licensee shall have no right to obligate or bind Licensor in any manner whatsoever, and nothing herein contained shall give or is intended to give any rights of any kind to any third persons. The Parties hereto shall be considered independent contractors.

17. No Assignment. Licensee acknowledges and recognizes: (i) that it has been granted the License because of its particular expertise, knowledge, judgment, skill and ability; (ii) that it has substantial and direct responsibilities to perform this Agreement in accordance with all of the terms contained herein; (iii) that Licensor is relying on Licensee's unique knowledge, experience and capabilities to perform this Agreement in a specific manner consistent with the high standards of

integrity and quality associated with the Licensed Marks, and (iv) that the granting of the License under this Agreement creates a relationship of confidence and trust between Licensee and Licensor. This Agreement is personal to Licensee, and Licensee shall not sublicense or franchise any of its rights hereunder without the prior written approval of Licensor, and neither this Agreement nor any of the rights of Licensee hereunder shall be sold, transferred or assigned by Licensee without Licensor's prior written approval, and no rights hereunder shall devolve by operation of law or otherwise upon any assignee, receiver, liquidator, trustee or other party. Subject to the foregoing, this Agreement shall be binding upon and shall inure to the benefit of the Parties hereto, their successors and assigns. Should any sublicensee, franchisee, assignee or transferee be approved by Licensor, such sublicensee, franchisee, assignee or transferee will be bound by the terms of this Agreement.

18. Legal Obligations: The Parties' legal obligations under this Agreement are to be determined from the precise and literal language of this Agreement and not from the imposition of laws attempting to impose additional duties or fiduciary obligations or any other similar obligation that were not the express basis of the bargain at the time this Agreement was made.

19. Counsel. The Parties are sophisticated businesses with legal counsel to review the terms of this Agreement, and the Parties represent that they have fully read this Agreement and understand and accept its terms.

20. Administration. This Agreement may be administered by a subsidiary or affiliate of Licensor.

21. No Consequential Damages, Etc. IN NO EVENT SHALL LICENSOR BE LIABLE FOR ANY SPECIAL, INDIRECT, INCIDENTAL, PUNITIVE, CONSEQUENTIAL, OR ANY SIMILAR DAMAGES WHETHER OR NOT CAUSED BY OR RESULTING FROM THE NEGLIGENCE OF LICENSOR EVEN IF LICENSOR HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, IN RELATION TO, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR THE LICENSED MARKS.

22. Counterparts. This Agreement may be executed in multiple counterparts, with the same force and effect as if executed as one complete instrument. The exchange of copies of this Agreement and signature pages by facsimile transmission, by electronic mail in portable document format form, or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, or by combination of such means, shall constitute effective execution and delivery of this Agreement as to the Parties and may be used in lieu of the original Agreement for all purposes.

23. Choice of Law; Dispute Resolution. This Agreement, the rights and obligations hereunder, and any claims or disputes relating thereto, shall be governed by and construed in accordance with the laws of the State of California, without regard to conflict of law principles or that would require the application of the laws of any jurisdiction other than the State of California. The dispute resolution procedures specified in Article IX of the Affiliation Agreement are hereby incorporated by reference as though fully set forth herein and shall govern all disputes, claims or controversies between the Parties hereto that arise under this Agreement.

24. Miscellaneous. Paragraph headings contained in this Agreement are for convenience only and shall not be considered for any purpose in governing, limiting, modifying, construing or affecting the provisions of this Agreement and shall not otherwise be given any legal effect. The determination that any provision of this Agreement is invalid or unenforceable shall not invalidate this Agreement, and the remainder of this Agreement shall be valid and enforceable to the fullest extent permitted by law. This Agreement contains the entire contract and understanding between the Parties (*i.e.*, no extra-contractual statements). There are no representations or understandings, oral or written, express or implied, that are not merged herein. This Agreement may not be modified or terminated orally. Exhibit A and Exhibit B are incorporated herein by reference. No alleged modification, termination, or waiver shall be binding unless it is set out in writing and signed by the Party against which it is sought to be enforced; and all prior agreements and/or understandings oral or written, express or implied, between the Parties with respect to the subject matter hereof are hereby terminated.

[*Signatures on the following page*.]

The Parties have caused this Trademark License Agreement to be signed by their duly authorized representatives as of the Effective Date.

LICENSEE:

ST. MARY MEDICAL CENTER, LLC

By: _____
Name: [INSERT NAME]
Title: [INSERT TITLE]

LICENSOR:

KAISER FOUNDATION HEALTH PLAN, INC.

By: _____
Name: [INSERT NAME]
Title: [INSERT TITLE]

EXHIBIT A

TRADEMARK REGISTRATION COVERED BY AGREEMENT

MARK	REG. NO.	CLASS AND SERVICES

EXHIBIT B

TRADEMARK USAGE REQUIREMENTS

KAISER PERMANENTE®

Trademark Usage Requirements

If use of any Kaiser Permanente corporate names, logos, brands or trademarks ("Trademark(s)") is permitted or required under a Definitive Document (as defined in the Affiliation Agreement) (for purposes of this Exhibit B, an "Agreement"), such use is subject to these Trademark Usage Requirements (these "Requirements"). Strict adherence to these Requirements is required at all times. As used herein, "Kaiser Entities" means Kaiser Foundation Health Plan, Inc., and Kaiser Foundation Hospitals, and their subsidiaries, and Southern California Permanente Medical Group.

- Permission to use the Trademark(s) is limited to those uses that are expressly permitted or required under an Agreement.
- Permission to use the Trademark(s) is nonexclusive, nontransferable, non-assignable and non-sublicensable, and will terminate upon the expiration or termination of the Agreement providing for such use. Upon the termination of permission to use the Trademark(s), all use of the Trademark(s) shall cease.
- Each use of the Trademark(s) must be approved in advance by Licensor in writing per Section 8 of this Agreement.
- The Trademark(s) may not be used to disparage Licensor or the Kaiser Entities, or any of their products or services.
- The Trademark(s) may not be used in any manner that would allow it/them to become generic, lose its/their distinctiveness, become likely to mislead the public or be detrimental to or inconsistent with the good name, goodwill, reputation or image of Licensor or the Kaiser Entities.
- An approved Trademark image(s) will be provided. The Trademark(s) may not be altered in any manner, including, but not limited to, changing the proportion, color or font of the Trademark(s), or adding or removing any element(s) from the Trademark(s).
- Unless otherwise agreed to by Licensor, the Trademark(s) must appear by itself/themselves, with reasonable spacing between each side of the Trademark(s) and other visual, graphic or textual elements. Under no circumstances may the Trademark(s) be reproduced in a manner that causes it/them to become illegible or blurry, nor may it/they be placed on any background which interferes with the readability or display of the Trademark(s).
- The Trademark(s) are the exclusive property of Kaiser Foundation Health Plan, Inc., and all goodwill generated through use of the Trademark(s) will inure to the benefit of Kaiser Foundation Health Plan, Inc. No action may be taken that is in conflict with Kaiser Foundation Health Plan, Inc.'s rights in, or ownership of, the Trademark(s).
- Licensor reserves the right to modify the approved Trademark(s) at any time and to take appropriate action against any use of the Trademark(s) without permission or any use that does not conform to these Requirements.

Exhibit 2 to Section 999.5(d)(1)(B)

Execution Copy

AFFILIATION AGREEMENT

by and amongst

KAISER FOUNDATION HOSPITALS

KAISER FOUNDATION HEALTH PLAN, INC.

ST. MARY MEDICAL CENTER

and

ST. MARY MEDICAL CENTER, LLC

Dated as of May 7, 2021

TABLE OF CONTENTS

Page

List of Exhibits:

AFFILIATION AGREEMENT

This AFFILIATION AGREEMENT (this "Affiliation Agreement") is made and entered into effective May 7, 2021 (the "Effective Date") by and among St. Mary Medical Center, a California nonprofit public benefit corporation ("SMMC"), St. Mary Medical Center, LLC, a California limited liability company (the "Company"), Kaiser Foundation Hospitals, a California nonprofit public benefit corporation, on behalf of its Southern California region ("KFH"), and Kaiser Foundation Health Plan, Inc., a California nonprofit public benefit corporation ("KFHP"). SMMC, the Company, KFH and KFHP are sometimes referred to in this Affiliation Agreement individually as a "Party" and in the case of more than one Party together as "Parties." KFH and KFHP are sometimes collectively referred to as "Kaiser."

Capitalized terms used in this Affiliation Agreement (including the exhibits and schedules attached hereto), and not otherwise defined have the meanings given them in the ***Glossary of Terms*** *attached to this Affiliation Agreement as* ***Exhibit 1****.*

RECITALS

A. SMMC is a California nonprofit public benefit corporation exempt from federal income tax as an organization described in IRC §501(c)(3) that owns and operates, but intends to replace, a 212 bed general acute care hospital known as St. Mary Medical Center – Apple Valley, which is located at 18300 Highway 18, Apple Valley, California 92307 (the "Existing Hospital"). SMMC is a member of Providence St. Joseph Health ("Providence"), a Catholic-sponsored integrated healthcare system exempt from federal income tax as an organization described in IRC §501(c)(3), meeting the healthcare needs of the communities it serves through compassionate service for over 150 years. Providence and its affiliates maintain hospitals, clinics, other healthcare services and related programs in Alaska, Washington, Montana, Oregon, New Mexico, Texas and California;

B. Kaiser Permanente is a fully integrated health care delivery system, consisting of KFHP and KFH, both California nonprofit public benefit corporations exempt from federal income tax as organizations described in IRC §501(c)(3), and each of their Affiliates, and the various for profit Permanente Medical Groups (collectively known as "Kaiser Permanente"). Kaiser Permanente's mission is to provide high-quality, affordable health care services and to improve the health of its Members and the communities it serves.

C. KFHP operates health care benefit plans across California, and in its Southern California Region provides or arranges for the provision of medically necessary health care services to its Members (as defined in the applicable HCSA) through agreements with KFH and Southern California Permanente Medical Group, a California partnership ("SCPMG").

D. The Parties share common charitable missions to promote and improve the health of the individuals living in the communities they serve, including by providing expanded access to high quality health care services. They believe that it is in the best interests of those individuals and communities for SMMC and Kaiser to join together in a long term financial commitment to replace the Existing Hospital with a jointly developed and owned acute care hospital to be located in the area of Southern California commonly referred to as the High Desert, in close proximity to the Existing Hospital (the "Affiliation").

AGREEMENT

NOW, THEREFORE, in consideration of the agreements, covenants, representations, and warranties set forth in this Affiliation Agreement, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties acknowledge the accuracy and completeness of the foregoing recitals, and agree as follows:

ARTICLE I
STRUCTURE AND FORMATION

1.1 Company Governing Documents. On the Closing Date (as defined below), the Articles of Organization and Operating Agreement for the Company then in effect shall be in the form attached hereto as **Exhibit 1.1.1 (Articles of Organization)** (as such may be amended from time to time, the "Articles") and **Exhibit 1.1.2 (Operating Agreement)** (as such may be amended from time to time, the "Operating Agreement"), respectively; provided, however, that the Company governing documents shall at all times contain terms necessary to preserve the charitable tax-exempt status of the operations of the Company.

1.2 Contribution by SMMC - Existing Hospital. SMMC shall in accordance with the terms of the Contribution Agreement attached hereto as **Exhibit 1.2 (Contribution Agreement)** (as such may be amended from time to time, the "Contribution Agreement") contribute the Hospital Assets to the Company. The Parties shall execute the Contribution Agreement on the Effective Date, subject to the express conditions to Closing set forth therein. (The closing of the transactions contemplated by the Contribution Agreement is hereinafter referred to as the "Closing" and "Closing Date" has the meaning set forth in the Contribution Agreement.) Notwithstanding any provision of this Affiliation Agreement to the contrary, and as set forth in the Contribution Agreement, neither the Company nor KFH shall assume any long-term debt of or related to the Existing Hospital or Hospital Assets, and SMMC or its Affiliates shall remain solely liable for all such long-term debt to the extent not discharged prior to the Closing. SMMC shall be responsible for timely filing, providing, seeking, and obtaining any notice, authorization, approval, order, permit or consent of or with any Governmental Authority or other entity in connection with the performance of the Contribution Agreement, and SMMC shall bear its own costs in doing so. Kaiser shall use commercially reasonable efforts to cooperate with SMMC to allow SMMC to make such filings and obtain such consents, and Kaiser shall bear its own costs in doing so.

1.3 Contribution by KFH - Existing Hospital. The Parties acknowledge that KFH has acquired a thirty percent (30%) membership interest in the Company in exchange for a contribution to the capital of the Company (together with SMMC's seventy percent (70%) membership interest, the "Initial Affiliation Percentages"). The amount of KFH's initial capital contribution is Eighteen Million Dollars ($18,000,000), which, in accordance with the terms of the Contribution Agreement, shall be paid by KFH to SMMC upon the Closing.

1.4 Fair Market Value. The Parties acknowledge and agree that the amount of cash and assets contributed by each Party to the Company in exchange for such Party's respective Initial Affiliation Percentage represents the fair market value of such Initial Affiliation Percentage, based on an independent third party valuation of all the assets contributed by the Parties to the Company.

1.5 Board of Managers. On the Closing Date, the Company's Board of Managers (the "Board") will consist of ten (10) members, seven (7) of whom shall be appointed by SMMC and three (3) of whom shall be appointed by KFH. The initial members of the Company's Board are set forth on the attached **Exhibit 1.5 (Initial Board of Managers)**. In accordance with the terms of the Operating Agreement, during the term of the Affiliation, upon a vacancy on the Board, SMMC shall appoint any replacements for the managers appointed by it, and KFH shall appoint any replacements for the managers appointed by it.

1.6 Profits, Losses and Distributions. In accordance with the terms of the Operating Agreement, until the New Hospital Commencement of Operations Date, KFH shall not be allocated any profits (or surplus) or losses of the Company and will not receive any distributions from the Company. From and after New Hospital Commencement of Operations Date, each Member will be allocated profits, surplus, losses and credits in proportion to their respective Percentage Interests in the Company and all distributions will be made to each Member in proportion to their respective Percentage Interests in accordance with the terms of the Operating Agreement.

1.7 Capital Contributions. From and after the effective date of the Operating Agreement, all capital contributions by SMMC and KFH to the Company shall be made in accordance with the terms of the Operating Agreement.

1.8 Costs of Approvals and Similar Expenses. Any costs or expenses of securing regulatory approvals, tax-exempt status, licensing, permitting, or similar items for the Company will be expenses of the Company.

ARTICLE II
CONSTRUCTION OF HOSPITAL FACILITIES

2.1 Lease of Existing Hospital Land; Construction of New Hospital.

(a) Existing Hospital Lease. As of the Closing Date, SMMC shall lease to the Company the land and facilities comprising the Existing Hospital (the "Existing Hospital Land and Facilities") according to the other terms of the real property Lease attached hereto as **Exhibit 2.1.1 (Existing Hospital Lease)** (the "Existing Hospital Lease"). SMMC shall not sell, transfer or convey the Existing Hospital Land and Facilities for as long as the Existing Hospital Lease is in effect without Kaiser's prior approval. The Parties acknowledge and agree that the Existing Hospital Lease, in accordance with its terms, shall terminate immediately upon the New Hospital Commencement of Operations Date.

(b) New Hospital Construction. As soon as practical after the Closing, the Company shall proceed with the planning and construction of a new acute care hospital facility in the High Desert (the "New Hospital"). The land on which the New Hospital will be constructed has been approved by both Parties and shall be transferred to the Company at Closing according to the terms of the Contribution Agreement. The construction of the New Hospital shall be in accordance with the terms of the Operating Agreement.

ARTICLE III
COVENANTS RELATED TO OPERATIONS

3.1 Management. Beginning on the Closing Date, SMMC shall have the sole responsibility for day-to-day management of the Existing Hospital (and the New Hospital when it becomes operational) in accordance with the directions of the Board of the Company and pursuant to the terms and conditions of the Management Services Agreement in the form of **Exhibit 3.1 (Management Services Agreement)** (as such may be amended from time to time, the "Management Agreement"), subject to certain material decisions or actions that require approval by both members of the Company or a Supermajority Board Approval as set forth in the Operating Agreement. The Management Agreement shall provide the Company with the benefit of all relevant third party payor contracts (subject to the terms thereof) maintained by SMMC or any of its Affiliates on a regional or system-wide basis that do not relate exclusively to the Existing Hospital or New Hospital, consistent with how SMMC received the benefit of such contracts prior to the Closing Date. The fees payable to SMMC pursuant to the Management Agreement shall reflect corporate overhead allocations determined in the same manner as such allocations are determined for hospital Affiliates of SMMC within the same region of Providence's health system.

3.2 Employees. Beginning on the Closing Date for employees at the Existing Hospital and beginning on the New Hospital Commencement of Operations Date for employees at the New Hospital, as set forth in the Management Agreement, SMMC shall be responsible for providing (or arranging through one of its Affiliates) sufficient staffing at both Hospitals to provide all necessary Services in accordance with all requirements of Law, and as necessary to meet all requirements set forth in the Definitive Documents. All such employees shall be employed by SMMC or one of its Affiliates and leased to the Company through the Management Agreement. All employee benefit plans for such employees shall be the sole responsibility of SMMC or one of its Affiliates, with costs allocated to the Company in accordance with the terms of the Management Agreement.

3.3 Care Model Agreement. At the Closing, SMMC, Kaiser, and SCPMG shall enter into the Care Model Agreement attached hereto as **Exhibit 3.3 (Care Model Agreement)** which reflects the commitments between the parties thereto related to the implementation of the Kaiser Permanente model for clinical delivery of inpatient care at the New Hospital.

3.4 Catholic Identity Standards.

(a) The Parties acknowledge and agree that the Company, the Existing Hospital and the New Hospital shall at all times operate in accordance with the Catholic Identity Standards and other terms and provisions in the Operating Agreement pertaining to the Catholic identity of Providence, SMMC and the Company.

3.5 Information Technology. The information technology systems, programs and platforms to be implemented and used by the Company at the New Hospital shall satisfy the requirements set forth on **Exhibit 3.5 (Information Technology Requirements – New Hospital)**.

3.6 Maintenance and Improvement of Existing Hospital and Hospital Assets. As referenced in Section 1.6, in accordance with the terms of the Operating Agreement, KFH shall

not participate in the Company's profits and losses until the New Hospital Commencement of Operations Date. Accordingly, unless the Parties mutually agree otherwise, SMMC shall be solely responsible for funding (by way of reimbursement to the Company) the costs related to maintaining and improving and, if applicable, converting and decommissioning the Existing Hospital and related assets (including, without limitation, any environmental cleanup costs), and the Company shall not obtain or assume any debt for the purpose of paying any part of such costs, and the Existing Hospital Lease shall provide for SMMC's sole liability for such costs. Notwithstanding the foregoing, the Company may expend funds for: (a) performing necessary routine maintenance and upkeep on the Existing Hospital in accordance with SMMC's past practices over the immediately preceding five (5) years, and (b) acquiring and maintaining at the Existing Hospital equipment and other tangible property that can and will be moved to the New Hospital upon the New Hospital Commencement of Operations Date.

3.7 Future Sale of Real Property to KFH; Site Planning. Upon the date SMMC determines, after discussion with the Board of Managers of the Company, the site plan for the land owned by SMMC adjacent or proximate to the New Hospital ("Notice Date"), the Parties hereby agree to negotiate in good faith regarding the potential fair market value sale of real property owned by SMMC to KFH that is adjacent or proximate to the New Hospital for the purpose of KFH developing and operating a medical office building on such real property. While this Section 3.7 shall require the Parties to negotiate the potential sale of real property to KFH described in the foregoing sentence, nothing in this Section 3.7 shall be construed to require the Parties to consummate any such transaction, and each party to such transaction shall have the right to approve the terms of such transaction (and any definitive agreements related thereto) in their sole and absolute discretion. Additionally, for the period between the Execution Date and the Notice Date, SMMC shall in good faith confer and collaborate with the Company regarding site planning for the property owned by SMMC proximate to the New Hospital, which collaboration shall involve input from and discussion with the Board of Managers of the Company (including KFH's representatives on the Board of Managers).

ARTICLE IV
PAYOR CONTRACTING; MEDICAL CONTRACTING

4.1 Contracts with Third Party Payors and Government Program Payors. The Parties are committed to strict compliance with federal and state antitrust laws, and they seek to operate the Hospitals in a way that avoids even the appearance of anticompetitive conduct, in order to instill confidence among all of the Hospitals' stakeholders, including patients, providers, payors, and members of the community. Accordingly, following the Closing Date SMMC shall, in accordance with the Management Agreement, be solely responsible for, on behalf of the Company, negotiating all third party payor and government program payor contracts at the Hospitals, including rates and other terms. No Kaiser personnel shall, by virtue of KFH's status as a member of the Company or KFH appointees to the Company Board, have access to payor contract information and shall not have input into SMMC or Company strategic or operational decision making relating to third party payor contracting. To avoid any confusion, the Parties agree that following the Closing Date, KFH shall maintain the right to negotiate (at arm's length) its third party payor agreements with SMMC or the Company for Services provided to Kaiser Members at the Hospitals.

4.2 Health Care Services Agreement - Existing Hospital. On the Effective Date, KFH, SMMC and the Company shall enter into a Health Care Services Agreement in the form attached hereto as **Exhibit 4.2 (Existing Hospital HCSA)** (the "Existing Hospital HCSA"), which shall cover Services provided at the Existing Hospital, subject to (if required) the prior approval by the California Department of Managed Health Care ("DMHC"), and which shall be subject to termination only for cause until the New Hospital Commencement of Operations Date.

4.3 Health Care Services Agreement - New Hospital. On the Closing Date, KFH and the Company shall enter into the New Hospital Health Care Services in the form attached hereto as **Exhibit 4.3 (New Hospital HCSA)** (the "New Hospital HCSA, and together with the Existing Hospital HCSA, the "HCSAs"). This agreement shall by its terms only cover Services provided at the New Hospital (once complete), but shall become effective on the New Hospital Commencement of Operations Date, subject to (if required) the prior approval by the DMHC.

ARTICLE V
REGULATORY APPROVALS AND REQUIREMENTS

5.1 Subject to the obligations of SMMC in Section 1.2, to the extent regulatory filings, notices, consents, applications, or other actions with respect to any Governmental Authority are required by law or determined advisable by the Parties as a prerequisite to or otherwise in connection with the transactions contemplated by this Affiliation Agreement ("Regulatory Requirements"), the Parties shall, using commercially reasonable efforts and as promptly as practicable, take all necessary actions to timely fulfill those Regulatory Requirements (including pursuing any available exemptions or waivers thereto). By way of example only and not to limit this provision, the Parties shall cooperate to ensure timely and correct submission of any notices or filings required to consummate the transactions contemplated by this Affiliation Agreement: (i) by the California Office of the Attorney General; (ii) by the Internal Revenue Service; (iii) by the DMHC, including filings to obtain any required regulatory approval for any of the Definitive Documents (including the Existing Hospital HCSA, the New Hospital HCSA, CMA and Management Agreement) and any material modification application(s) required under the Knox-Keene Act; (iv) by any state Department of Insurance; (v) by the California Department of Public Health; and (vi) by the California Secretary of State.

5.2 The Company shall be responsible for all costs and expenses (and related fines or penalties, if any) arising from any Regulatory Requirements; provided, however, that each Party shall be responsible for its own legal fees and expenses for consultants and advisors that each Party independently engages.

5.3 Except as otherwise provided in the Contribution Agreement, the Parties shall use their commercially reasonable efforts to resolve any objections that may be asserted, and comply with any condition to approval imposed, by any Governmental Authority with respect to any Regulatory Requirement, including by amending this Affiliation Agreement or any Exhibit hereto, upon mutual written consent of the Parties.

5.4 Each Party shall notify the other Party and provide them with a copy of any communication received by it or any of its Affiliates from any Governmental Authority relating to the transactions contemplated by this Affiliation Agreement. Each Party shall provide the other

Party with a reasonable opportunity to review in advance and provide written comments to any communication from a Party to a Governmental Authority related to the transactions contemplated by this Affiliation Agreement, including any response to any communication received from a Governmental Authority.

ARTICLE VI
EXCLUSIVITY

6.1 Exclusivity Covenants. Each Party recognizes and confirms the special and unique nature of the Affiliation. For as long as SMMC and Kaiser are both members of the Company, and for a period of one (1) year thereafter, neither SMMC, KFH or any of their Affiliates shall hold or acquire any direct or indirect ownership interest in, or manage, lease, develop, or otherwise have any financial interest in any business or entity (through a corporation, partnership, trust or other entity in which SMMC, KFH or any of their Affiliates owns or has a beneficial interest) that owns or operates an acute care hospital within the Geographic Area (a "Competing Business"); provided, however, the foregoing shall not preclude SMMC, KFH or any of their Affiliates from owning less than one percent (1%) of the voting stock of a publicly-held company which owns or operates one or more healthcare facilities in the Geographic Area. Notwithstanding the foregoing, and for the avoidance of doubt, SMMC may continue to own and operate the Existing Hospital (prior to and until the New Hospital Commencement of Operations Date) or the New Hospital, as the case may be, and after the acquisition of KFH's membership interest in the Company pursuant to Section 10.3(a)(iii) below, KFH and its Affiliates shall be permitted to at any time develop and construct an acute care hospital within the Geographic Area but not commence operations of such acute care hospital until this Section 6.1 is no longer in effect (a "Post-Affiliation KFH Hospital"). For clarity, prior to the acquisition of KFH's membership interest pursuant to Section 10.3(a)(iii), KFH and its Affiliates may do site selection, acquisition, architectural work and other work in preparation for construction of a Post-Affiliation KFH Hospital, but may not commence construction until after the acquisition of KFH's membership interest. If SMMC, KFH or any of their Affiliates desire to participate in a Competing Business while both SMMC and Kaiser are members of the Company, SMMC, KFH or their Affiliates, as applicable, shall first offer the Company the right of first refusal to participate in such Competing Business in accordance with the following procedures:

(a) Prior to SMMC, KFH or any of their Affiliates participating in a Competing Business within the Geographic Area, such party (the "Proposing Party") shall notify the Company in writing of the Proposing Party's (or its Affiliate's or Representative's) desire to participate in the Competing Business within the Geographic Area (a "Competing Business Notice"). Within thirty (30) days after the Company's receipt of a Competing Business Notice from a Proposing Party, the Company shall provide written notice to such Proposing Party (a "Competing Business Response Notice") of:

(i) the Company's decision to participate in the proposed Competing Business, in which case the Company shall have the sole right to participate in the proposed Competing Business in place of the Proposing Party or its Affiliate (and in which case neither the Proposing Party nor its Affiliates shall participate in the proposed Competing Business), provided that the Company uses good faith efforts to begin participating in the Competing Business as soon as reasonably practicable after its delivery of the Competing Business Response Notice; or

(ii) the Company's decision not to participate in the proposed Competing Business, in which case the Proposing Party or its Affiliates shall have the right to participate in the proposed Competing Business as of the date the Company delivers the Competing Business Response Notice.

(b) The Company's decision set forth in a Competing Business Response Notice pursuant to paragraph (a) above shall be made on behalf of the Company by the member of the Company other than the Proposing Party (or other than the Proposing Party's Affiliate, as the case may be).

(c) For purposes of this Agreement, "Restricted Hospital Service" shall mean operation of a licensed acute care hospital pursuant to Section 1250 of the California Health & Safety Code.

(d) Notwithstanding anything in this Section 6.1 that may be construed to the contrary, nothing set forth in this Section 6.1 shall obligate a Party to provide the Company with a right of first refusal to participate in a Competing Business, or prohibit SMMC, KFH or their Affiliates from participating in a Competing Business, if: (i) SMMC, KFH or any of their Affiliates participates in such Competing Business as of the Effective Date and such Competing Business is set forth on **Exhibit 6.1**, attached hereto and incorporated herein, (ii) doing so would result in SMMC, KFH or any of their Affiliates violating the terms of an agreement or arrangement to which SMMC, KFH or any of their Affiliates is a party as of the Effective Date and such agreement or arrangement is set forth on **Exhibit 6.1**, or (iii) such Competing Business pertains to a Post-Affiliation KFH Hospital.

(e) Each Party acknowledges that its agreement to abide by the covenants set forth in this Section 6.1 during the Term of this Affiliation Agreement is manifestly reasonable on its face and that such covenants are reasonable as to time and scope as is required for the reasonable protection of the other Parties within the Geographic Area in light of the substantial harm that the Parties will suffer should the other Parties or one of their Affiliates breach any such covenant. The Parties further acknowledge that the nature, kind, and character of the activities prohibited in this Section 6.1 and the Geographic Area specified herein are reasonably necessary to protect each Party's interests, and that the enforcement of the terms of this Section 6.1 is reasonable for the protection of the Parties.

(f) If a judicial determination is made at any time that any provision of this Section 6.1 constitutes an unreasonable or otherwise unenforceable restriction against a Party or one of its Affiliates, the provisions of this Section 6.1 shall be rendered void only to the extent that such judicial determination finds such provision unenforceable. The Parties hereby request that, if any judicial authority construing this Section 6.1 determines that any portion of the Geographic Area, prohibited activity, or time period set forth in this Section is unenforceable, such judicial authority severs such unenforceable portion from the coverage of this Section 6.1 and enforces the remaining portions of this Section 6.1 or revises the unenforceable portions and enforces, as revised, the remaining portions.

ARTICLE VII
TERM AND TERMINATION

7.1 Term. The term of this Affiliation Agreement shall continue until it is terminated pursuant to Section 7.2 (the period from the Effective Date until the date that this Affiliation Agreement is terminated is referred to as the "Term").

7.2 Termination. This Affiliation Agreement shall terminate upon the first to occur of the following:

(a) at any time during the Term, with the mutual written agreement of the Parties; or

(b) at the end of a seven (7) year wind down period following the giving of a Wind-Down Notice pursuant to the provisions of **Article X** (the "Wind-Down Period").

7.3 Effects of Wind-Down Notice. The following provisions of this Affiliation Agreement shall have no effect during the Wind-Down Period**: Articles I and II**. The remaining provisions of this Affiliation Agreement and the Definitive Documents shall continue in effect during the Wind-Down Period.

ARTICLE VIII
CONFIDENTIALITY

8.1 Confidential Information. The Parties acknowledge that, during the Term of this Affiliation Agreement, the Parties have had and during the remainder of the Term shall have access to and may become acquainted with non-public, confidential or proprietary information disclosed by a Party in discussions relating to or carrying out the Affiliation, whether disclosed orally or in written, electronic or other form or media, and whether or not marked, Designated As Confidential, including financial information and records; data and data files and formats; business strategies and plans; information regarding relationships with customers, suppliers, employees, independent contractors, health plan subscribers or beneficiaries, and other third parties; health information; notes, drafts, assessments, analyses, evaluations and reports; business methods, protocols, processes, inventions, ideas, know-how and trade secrets; proprietary software, hardware and other information technology; system designs, architecture and operations; requests for proposals and proposals; and business requirements, specifications and pricing (the "Confidential Information"). Confidential Information of a Party shall include Confidential Information of third parties to which the Disclosing Party owes an obligation of confidentiality, including in the case of Kaiser, all other entitles participating in the Kaiser Permanente medical care program; and Confidential Information shall be deemed to include the existence of this Affiliation Agreement and the terms hereof. As used herein, Confidential Information shall not include any information that: (a) is or becomes known or available to the public, other than through a breach of an obligation hereunder by another Party; (b) is lawfully acquired by a Party from a third party without, to the other Party's Knowledge, breach of a confidentiality restriction under this **Article VIII**; (c) a Party can demonstrate by written proof was (i) already in possession of the information at the time it was disclosed hereunder by the Disclosing Party or (ii) was independently developed by the Party without use of the Disclosing Party's Confidential Information; or (d) has been approved for

disclosure by the Disclosing Party. To the extent permitted by Law, all such Confidential Information shall constitute "trade secrets" within the meaning of the California Uniform Trade Secrets Act (the "Trade Secrets Act"), and, in addition to the covenants, rights and remedies contained herein, each Disclosing Party, as applicable, shall receive all of the protections and be afforded any and all of the remedies available under such Trade Secrets Act with respect to the Confidential Information, including injunction and other equitable enforcement rights.

8.2 Confidentiality Obligation. Each Party acknowledges that Confidential Information is secret, confidential, and proprietary to a Disclosing Party, as applicable, and has been disclosed to or obtained in confidence and trust for the sole purpose of using the same for the sole benefit of the Disclosing Party. Without the prior written consent of the Disclosing Party, another Party will not: (a) disclose any portion of the Confidential Information to any Person other than its directors, officers, employees, agents or consultants who reasonably need access to the Confidential Information to fulfill their duties under this Affiliation Agreement or the Affiliation, and if such Person is bound to protect the confidentiality of the Confidential Information including, with respect to agents and consultants, by written agreement on terms substantially similar to this Affiliation Agreement; or (b) use Confidential Information except as reasonably required in furtherance of the purpose of the Affiliation. During and after the Term of this Affiliation Agreement, no Party nor its members, managers, directors, officers, employees or agents shall seek to obtain Confidential Information, or divulge any Confidential Information to any other Person, or use any Confidential Information (i) in violation of Law, or (ii) for its own benefit or for the benefit of any other Person without the prior written consent of the Disclosing Party, as applicable (which may be granted or withheld in the Disclosing Party's sole discretion).

8.3 Required Disclosures. Notwithstanding Section 8.2, disclosure of Confidential Information by a Party shall not be precluded if such disclosure is required by a valid Law, subpoena, demand, order or other process of a court or government entity, provided that the Party provides Prompt written notice to the Disclosing Party sufficiently in advance to permit the Disclosing Party to contest the disclosure or seek an appropriate protective order. If disclosure is required despite the opposition of the Disclosing Party, the other Party shall make reasonable efforts to disclose only the Confidential Information which is legally required to be disclosed and will cooperate with the Disclosing Party in seeking assurances from the applicable court or agency that the Confidential Information will be afforded confidential treatment and further dissemination thereof restricted.

8.4 Return of Confidential Information. All Confidential Information (including all copies and portions thereof and including where combined with other information) shall after termination of this Affiliation Agreement, at the Disclosing Party's request, be returned to the Disclosing Party or, where return is not reasonably feasible, with the consent of the Disclosing Party, destroyed.

8.5 No License. All Confidential Information will remain the property of the Disclosing Party. No right or license is granted to any other Party, or any use of or interest in the Confidential Information, except such use that is expressly granted by this Affiliation Agreement.

8.6 No Warranty. While the Disclosing Party will and has made reasonable efforts to provide accurate information, there is no express or implied warranty as to the accuracy or

completeness of Confidential Information disclosed to any other Party. The Disclosing Party shall have no liability to any other Party resulting from any use of or reliance upon Confidential Information.

ARTICLE IX
DISPUTE RESOLUTION

It is the intent of the Parties to have robust dispute resolution procedures designed to enable them to resolve any disputes between them. Accordingly, the Parties shall resolve any disputes arising under this Affiliation Agreement pursuant to the dispute resolution procedures set forth in **Exhibit 9.1 (Dispute Resolution)** attached hereto, except to the extent that this Affiliation Agreement specifies a different procedure.

ARTICLE X
TERMINATION AND UNWIND

10.1 Unwind Events and Dispute Resolution.

(a) For purposes of this Affiliation Agreement a "KFH Unwind Event" means that any of the following has occurred:

(i) termination of any one or more of the Operating Agreement, the Contribution Agreement, the Management Agreement, the Existing Hospital HCSA, the New Hospital HCSA, the Care Model Agreement, or the Existing Hospital Lease (each in accordance with its terms) without replacement with an appropriate agreement; provided, termination of the Existing Hospital HCSA or the Existing Hospital Lease on or after the New Hospital Commencement of Operations Date, whether by expiration, nonrenewal, or otherwise, shall not be a KFH Unwind Event;

(ii) an Illegality Failure has occurred with respect to the obligations or duties of SMMC or any of its Affiliates under any of the Definitive Documents;

(iii) a Loss of Tax Exemption Event has occurred on the part of KFH or any of its Affiliates, SMMC or the Company (if applicable);

(iv) a significant change in the mission of SMMC that materially alters its healthcare delivery mission;

(v) SMMC is Dissolved or Liquidated;

(vi) a SMMC Change of Control Transaction has occurred;

(vii) a systemic or repeated pattern of uncured material breaches by SMMC of its duties or obligations set forth in this Agreement, the Operating Agreement, the Care Model Agreement, the Management Agreement, or the HCSAs has occurred; or

(viii) a SMMC Disqualifying Event.

(b) For purposes of this Affiliation Agreement an "SMMC Unwind Event" means that any of the following has occurred:

(i) termination of any one or more of the Operating Agreement, the Contribution Agreement, the Management Agreement, the Existing Hospital HCSA, the New Hospital HCSA, the Care Model Agreement, or the Existing Hospital Lease (each in accordance with its terms) without replacement with an appropriate agreement; provided, termination of the Existing Hospital HCSA or the Existing Hospital Lease on or after the New Hospital Commencement of Operations Date, whether by expiration, nonrenewal, or otherwise, shall not be an SMMC Unwind Event;

(ii) an Illegality Failure has occurred with respect to the obligations or duties of Kaiser or any of its Affiliates under any of the Definitive Documents;

(iii) a Loss of Tax Exemption Event has occurred on the part of SMMC or any of its Affiliates, KFH or the Company (if applicable);

(iv) a significant change in the mission of KFH, that materially alters its healthcare delivery mission;

(v) KFH is Dissolved or Liquidated;

(vi) a KFH Change of Control Transaction has occurred;

(vii) a systemic or repeated pattern of uncured material breaches by Kaiser of its duties or obligations set forth in this Agreement, the Operating Agreement, the Care Model Agreement, the Management Agreement, or the HCSAs has occurred; or

(viii) a Kaiser Disqualifying Event.

10.2 Wind-Down Notice. Upon (i) the giving by KFH to the Company of notice that an Immediate KFH Unwind Event has occurred because the Board of the Company has commenced consideration of whether the Company should be Dissolved or Liquidated, (ii) the giving by SMMC to KFH of notice that an Immediate SMMC Unwind Event has occurred because the Board of the Company has commenced consideration of whether the Company should be Dissolved or Liquidated, or (iii) the conclusion of the Meet and Confer and Mediation steps of the dispute resolution process as described in Sections 3 and 4 of **Exhibit 9.1** attached hereto occurs with the giving by a Disputing Party of a Disputing Party Discussion Cessation Notice describing the Unwind Event pursuant to Section 4(l)(i) of **Exhibit 9.1** attached hereto, then a KFH Unwind Event or an SMMC Unwind Event, as applicable, shall be deemed to have occurred, and (A) in the case of a KFH Unwind Event, KFH shall have the right to give a Wind-Down Notice, or (B) in the case of an SMMC Unwind Event, SMMC shall have the right to give a Wind-Down Notice; provided, however, that if a Party believes that another Party has wrongfully determined that a KFH Unwind Event or an SMMC Unwind Event has occurred, the determination of whether such other Party has wrongfully determined that such an event has occurred and the remedies, if any, of the first Party that may exist as a result thereof, shall be subject to the full dispute resolution process set forth in **Exhibit 9.1**. The right to give a Wind-Down Notice lapses and is waived if the affected Party has not given such notice within ninety (90) days after: (x) the occurrence of an Unwind

Event, or (y) the day on which the Party providing the Wind-Down Notice becomes aware of the Unwind Event, whichever is later.

10.3 Process for Unwind. Upon the giving of a Wind-Down Notice, the Parties shall implement the following procedures:

(a) Actions with Respect to the Company.

(i) Each person nominated or appointed, as applicable, by a Party to be a voting member of the Company's Board shall remain in such office until the Unwind Closing.

(ii) Each Party shall retain its rights to appoint voting members to the Board of the Company until the Unwind Closing.

(iii) With respect to an Unwind Event, the membership interest in the Company owned by KFH shall be purchased by SMMC pursuant to the provisions of Section 10.3(c).

(iv) If the Wind-Down Notice is issued prior to the New Hospital Commencement of Operations Date, effective as of the date of the Wind-Down Notice, KFH shall, if SMMC requests (which SMMC shall have the right to do in SMMC's sole discretion), loan the Company funds to complete the Company's construction of the New Hospital at a rate of interest equal to the Applicable Rate (as defined in the Operating Agreement). Notwithstanding the foregoing, the Parties acknowledge and agree that the loan by KFH contemplated in this Section 10.3(a)(iv) shall only apply to contributions not yet made by KFH as of the date of the Wind-Down Notice towards the construction of the New Hospital, and shall not apply, or result in a conversion to a loan, with respect to any capital contributions made by KFH to the Company prior to the date of the Wind-Down Notice for the construction of the New Hospital in accordance with the Operating Agreement. If a Wind-Down Notice is issued prior to the New Hospital Commencement of Operations Date, KFH shall have no obligation to make any remaining capital contributions to the Company for costs related to the on-going construction o the New Hospital and shall receive the greater of the Unwind Amount or all capital contributions made by KFH prior to the date the Wind-Down Notice is issued.

(b) Health Care Services Agreement and Care Model Agreement. Unless the Parties shall determine otherwise by mutual agreement, the Health Care Services Agreement and the Care Model Agreement shall continue in effect, each in accordance with its terms and extended as needed, until the end of the Wind-Down Period.

(c) Unwind Closing; Appraisal Procedures.

(i) The closing of the purchase of KFH's membership interest in the Company pursuant to this Section 10.3 shall take place (at a time and place reasonably specified by the Company) within one hundred twenty (120) days following the giving of a Wind-Down Notice or, if later, following a Final Determination of the Unwind Amount (the "Unwind Closing"). At the Unwind Closing, SMMC shall pay to KFH the Unwind Amount in exchange for KFH's entire membership interest in the Company, and KFH shall assign and transfer its entire

membership interest in the Company, free and clear of all encumbrances and other claims, to SMMC. The Unwind Amount shall be due and payable in full in cash at the Unwind Closing.

(ii) The Unwind Amount shall be calculated as of the Calculation Date as follows: the Fair Value of KFH's the membership interest in the Company, without any discounts or premiums related to marketability or control (the "Unwind Amount"); provided, if the applicable Unwind Event is identified in Section 10.1(a)(vii) above, then the Unwind Amount shall be increased by twenty percent (20%), and if the applicable Unwind Event is identified in Section 10.1(b)(vii) above, then the Unwind Amount shall be decreased by twenty percent (20%). "Fair Value", which shall be determined in accordance with the Appraisal Procedures set forth below in Section 10.3(c)(iii), shall mean an amount equal to the amount which would be distributed with respect to the Party's membership interest if (i) the business and all property of the Company (real, personal, tangible and intangible (including goodwill)) were sold at fair market value as a going concern; (ii) all debts and liabilities of the Company were paid in full; and (iii) the Company was terminated and liquidated, and all of its assets were applied and distributed. Unless otherwise agreed, Fair Value and fair market value of the Company's property shall be determined as of the Calculation Date.

(iii) If, at any time, this Affiliation Agreement or the Exhibits attached hereto shall require the determination of any value by appraisal, each appraiser appointed in accordance with the provisions of this Section 10.3(c)(iii) shall be independent and shall have substantial experience in valuing assets and business operations of the type involved, and one or more such appraisers shall be appointed to determine such value, as follows:

(1) A single appraiser shall be appointed by agreement of the Parties on each side of the issue (each "Side"), if they are able to so agree within fourteen (14) days after either Side submits a written request to the other Side requesting the other Side to so agree.

(2) If the Sides are unable to agree upon a single appraiser, as described in the preceding subparagraph (1), the Sides each shall appoint one appraiser within fourteen (14) days after either Side submits to the other Side a written notice of appointment of one appraiser and requesting such other Side to appoint a second appraiser.

(3) If the other Side fails or refuses to make a timely appointment of the second appraiser, as described in the preceding subparagraph (2), the single appraiser appointed by the Side giving the notice described in said subparagraph shall make the required determination of value.

(4) If a single appraiser is appointed to make the determination of value, that appraiser shall issue a written final report promptly following the completion of such determination. If two appraisers are appointed to make such determination, and if they agree on such value, they shall issue a single written final report promptly following the completion of such determination. If the two appraisers cannot agree, they shall issue separate written interim reports promptly following the completion of their respective determinations, and they shall appoint a third appraiser who shall make a separate determination of value and issue a separate written report (which shall constitute the final report in this situation) promptly following the completion of such

determination. If the value determined by the third appraiser (A) is greater than the higher of the first two appraisals, then the higher of the first two appraisals shall be the value; or (B) is less than the lower of the first two appraisals, then the lower of the first two appraisals shall be the value; or (C) is between the first two appraisals, then the average of all three appraisals shall be the value. A final determination of value by the appraiser(s) in accordance with this Section (a "Final Determination") shall be final, binding and conclusive upon all Parties hereto and upon all other persons, if any, claiming through such Parties. All costs of any appraisals (including the fees of the appraisers) under this Section shall be borne equally by the Sides, except that each such Side shall be separately responsible for the fees of the appraiser appointed by such Side pursuant to Section 10.3(c)(iii)(2), unless the provisions of Section 10.3(c)(iii)(3) apply (collectively, the "Appraisal Procedures"). For the avoidance of doubt, a Final Determination pursuant to this Section is exempt from and not subject to the dispute resolution procedures set forth in **Exhibit 9.1**.

(iv) Under no circumstances shall there be a partial unwind permitted unless mutually agreed to by SMMC and KFH.

(d) Rights Non-Exclusive. The rights of Parties under this **Article X** shall not be the exclusive remedy of the Parties, but shall be in addition to all other rights and remedies available to the Parties at Law or in equity resulting from any breach of the Definitive Documents, including, without limitation, the right of a Party to invoke the applicable dispute resolution process to collect any amounts owed to such Party or to be compensated for any damages (other than damages that are punitive, indirect or consequential in nature) resulting from any breach of this Agreement by another Party.

(e) Each Party shall use its reasonable efforts to obtain all approvals and consents from Governmental Authorities and other third parties necessary for the consummation of any of the transactions contemplated by this **Article X**.

ARTICLE XI
OTHER

11.1 Notices. All notices, requests and other communications hereunder shall be in writing. Any notice, request or other communication hereunder shall be deemed duly given (i) when delivered personally to the recipient, (ii) one (1) Business Day after being sent to the recipient by reputable overnight courier service (charges prepaid), (iii) one (1) Business Day after being sent to the recipient by facsimile transmission, or (iv) four (4) Business Days after being mailed to the recipient by certified or registered mail, return receipt requested and postage prepaid, and addressed to the intended recipient as set forth below:

If to KFH or KFHP: Julie Miller-Phipps
Southern California Regional President
Kaiser Foundation Hospitals & Health Plan
393 East Walnut Street
Pasadena, CA 91188

With copy to: Jalena Bingham, Esq.
Vice President and Assistant General Counsel
Kaiser Foundation Hospitals & Health Plan
1 Kaiser Plaza, 1922 Bayside
Oakland, CA 94612

and

BakerHostetler
200 Civic Center Dr. #2100
Columbus, Ohio 43215
Attn: Frank C. Miller, Esq.

If to SMMC: Erik G. Wexler
Executive Vice President PSJH and Chief Executive PSJH Southern California
3345 Michelson Drive, Suite 100
Irvine, CA 92612

With copy to: Alitha Leon Jenkins, Esq.
Senior Corporate Counsel
800 Fifth Avenue, Suite 1200
Seattle, WA 98104

and

McDermott Will & Emery
2049 Century Park East
32nd Floor
Los Angeles, CA 90067
Attn: James F. Owens, Esq.

Any Party may change the address to which notices, requests and other communications hereunder are to be delivered by giving the other Party notice in the manner herein set forth.

11.2 Compliance with Laws. This Affiliation Agreement and the agreements and documents referenced herein, the transactions contemplated thereby and the manner in which the Parties perform their respective obligations, shall comply with all applicable Laws. Nothing in this Affiliation Agreement or any other written or oral agreements between the Parties, nor any manner in which the Parties perform their respective obligations, nor in the payment of any compensation or consideration thereunder, shall contemplate or require the referral or inducement of referrals directly or indirectly, of items or services that are reimbursed under Medicare, Medicaid, or any other state or federal health care programs or private insurers, except as may be expressly permitted thereunder. Further, nothing in this Affiliation Agreement, nor any other written or oral agreements between the Parties, nor any manner in which the Parties perform their respective obligations, nor in the payment of any compensation or consideration thereunder, shall

contemplate, require or be intended to influence any physician's professional judgment in choosing a medical facility or course of treatment necessary for the proper care and treatment of such physician's patients.

11.3 Survival. The following provisions shall survive the termination of this Affiliation Agreement: **Articles VIII (Confidentiality)**, **IX (Dispute Resolution)**, **X (Termination and Unwind)**, and **XI (Other)** and the accompanying exhibit(s) and schedules to each such provision.

11.4 No Reduction in Care. Each Party represents that no payments contemplated under this Affiliation Agreement, including those to be made with respect to (i) the provision of services by a Party or its providers for services rendered to or through SMMC or the Company, or (ii) the conduct of any other business by such Party, is made directly or indirectly under any incentive compensation plan to a physician or physician group as an inducement to reduce or limit medically necessary services furnished to an individual enrollee, or to coerce or pressure any patient.

11.5 Headings. The descriptive headings of the articles, sections and subsections of this Affiliation Agreement are for convenience only and shall not govern, limit, or be used in construing this Affiliation Agreement or any provision hereof.

11.6 Binding Effect. This Affiliation Agreement and all of the terms and provisions hereof shall be binding upon and inure to the benefit of all Parties and their respective heirs, successors and assigns. Any agreement to pay any amount and any assumption of liability herein contained, express or implied, shall be only for the benefit of the Parties (and their legal representatives and heirs), and such agreements and assumptions shall not inure to the benefit of the obligees of any indebtedness or any other Person.

11.7 Additional Documents. In addition to the documents and instruments to be delivered as provided in this Affiliation Agreement, each of the Parties shall, from time to time at the request of the other Parties, execute and deliver to the other Parties such other documents and shall take such other action as may be reasonably required to perform or carry out the terms of this Affiliation Agreement.

11.8 Governing Law. This Affiliation Agreement, the rights and obligations hereunder, and any claims or disputes relating thereto, shall be governed by and construed in accordance with the Laws of the State of California, without regard to conflict of law principles or that would require the application of the Laws of any jurisdiction other than the State of California.

11.9 Severability. If any part of any provision of this Affiliation Agreement or any other agreement, document or writing given pursuant to or in connection with this Affiliation Agreement shall be invalid or unenforceable under applicable Law, said part shall be ineffective to the extent of such invalidity or unenforceability only, without in any way affecting the remaining provisions of this Affiliation Agreement. For avoidance of doubt, this Section shall not affect the terms and procedures pertaining to Unwind Events regarding an Illegality Failure.

11.10 Amendment. Any provision of this Affiliation Agreement and any exhibits or schedules attached hereto may be amended and the observance of any term of this Affiliation Agreement may be waived (either generally or in a particular instance, and either retroactively or prospectively) only with the written consent of each of the Parties.

11.11 Entire Agreement. This Affiliation Agreement, including, the Definitive Documents, the other agreements referenced to therein and the respective exhibits and schedules incorporated herein or therein, constitute the entire agreement between the Parties with respect to the subject matters described herein, and supersedes all prior oral or written agreements, commitments, or understandings with respect to the matters provided for herein.

11.12 Counterparts. This Affiliation Agreement may be executed in multiple counterparts, with the same force and effect as if executed as one complete instrument. The exchange of copies of this Affiliation Agreement and signature pages by facsimile transmission, by electronic mail in portable document format form, or by any other electronic means intended to preserve the original graphic and pictorial appearance of a document, or by combination of such means, shall constitute effective execution and delivery of this Affiliation Agreement as to the Parties and may be used in lieu of the original Affiliation Agreement for all purposes.

11.13 Schedules and Exhibits. All exhibits and schedules referred to in this Affiliation Agreement shall be attached hereto and are incorporated by reference herein.

11.14 Assignment. This Affiliation Agreement shall be assignable by a Party only upon the prior express written consent of each of the Parties; provided, however, a Party may assign its rights, duties and obligations under this Affiliation Agreement in connection with a "Permitted Transfer" by such Party (as defined in, and permitted under, the Operating Agreement) without needing to obtain the consent of any of the other Parties.

11.15 Third Party Beneficiaries. It is the intention of the Parties that there will be no third-party beneficiaries to this Affiliation Agreement or any part hereof, and that nothing in this Affiliation Agreement shall be deemed to create any right with respect to, or to convey any right or benefit to, any Person not a Party to this Affiliation Agreement.

11.16 Drafting. No provision of this Affiliation Agreement shall be interpreted for or against any Person on the basis that such Person was the draftsman of such provision, and no presumption or burden of proof shall arise favoring or disfavoring any Person by virtue of the authorship of any provision of this Affiliation Agreement.

11.17 Transaction Expenses. Except as otherwise specifically provided herein or the other Definitive Documents, each of the Parties shall be responsible for and bear all of its own costs and expenses incurred at any time in connection with the Affiliation (including the fees and expenses of their respective legal counsel, accountants and financial advisors).

11.18 Terms Generally. The defined terms in this Affiliation Agreement shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation." The words "herein," "hereof" and "hereunder" and words of similar import refer to this Affiliation Agreement in its entirety and not to any part hereof unless the context shall otherwise require. All references herein to Sections shall be deemed references to Sections of this Affiliation Agreement unless the context shall otherwise require. Unless the context shall otherwise require, any references to any agreement or other instrument or any Law are to such

agreement, instrument or Law as the same may be amended and supplemented from time to time (and, in the case of any statute or regulation, to any successor provisions). Any reference to any Law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise.

ARTICLE XII
REPRESENTATIONS AND WARRANTIES OF SMMC AND THE COMPANY

As an inducement to Kaiser to enter into this Affiliation Agreement, SMMC and the Company each make the representations and warranties to Kaiser set forth in **Exhibit 12 (Representations and Warranties of SMMC and the Company)** attached hereto.

ARTICLE XIII
REPRESENTATIONS AND WARRANTIES OF KFH AND KFHP

As an inducement to SMMC to enter into this Affiliation Agreement, KFH and KFHP each make the representations and warranties to SMMC and the Company set forth in **Exhibit 13 (Representations and Warranties of KFH and KFHP)** attached hereto.

ARTICLE XIV
INDEMNITY

The Parties shall indemnify each other according to the terms and conditions set forth in **Exhibit 14 (Indemnity)** attached hereto.

[*Signature Page Follows*]

The Parties have caused this Affiliation Agreement to be signed by their duly authorized representatives as of the Effective Date.

ST. MARY MEDICAL CENTER
on behalf of itself and all of its Affiliates

By: COVENANT HEALTH NETWORK, INC.,
Its: Member

By: _____
Name: Erik G. Wexler
Title: President

ST. MARY MEDICAL CENTER, LLC

By: _____
Name: Erik G. Wexler
Title: Manager

KAISER FOUNDATION HOSPITALS

By: _____
Name: Greg A. Adams
Title: Chairman and CEO

KAISER FOUNDATION HEALTH PLAN, INC.

By: _____
Name: Greg A. Adams
Title: Chairman and CEO

EXHIBIT 1

GLOSSARY OF TERMS

Except as otherwise defined in this Affiliation Agreement, capitalized terms used in this Affiliation Agreement shall have the meaning set forth in this **Exhibit 1**.

"Affiliate" means any Person which, directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with another Person. The term "control" as used herein (including the terms "controlling," "controlled by," and "under common control with") means the possession, direct or indirect, of the power to (a) vote more than fifty percent (50%) of the outstanding voting membership interests of such Person, or (b) direct or cause the direction of the management and policies of such Person by contract or otherwise.

"Affiliation" means the affiliation relationship, mutual agreements and undertakings representation or embodied in the Definitive Documents taken as a whole.

"Affiliation Agreement" means this Affiliation Agreement, as defined in the introductory paragraph hereof.

"Appraisal Procedures" has the meaning set forth in Section 10.3(c)(iii).

"Arbitration" has the meaning set forth in Section 6(a) of **Exhibit 9.1**.

"Arbitration Notice" means a notice of a Dispute in conformance with Section 6(a) of **Exhibit 9.1** (Dispute Resolution) and Designated as Confidential, such notice containing reasonable and sufficient detail of the issues underlying the Dispute and the date on which the initial stage of Arbitration shall commence in accordance with Section 6(a) of **Exhibit 9.1** (Dispute Resolution).

"Arbitration Submission Period" has the meaning set forth in Section 6(a) of **Exhibit 9.1**.

"Arbitrators" has the meaning set forth in Section 6(d) of **Exhibit 9.1**.

"Articles" has the meaning set forth in Section 1.1.

"Award" has the meaning set forth in Section 6(j) of **Exhibit 9.1**.

"Business Day" means any calendar day other than a Saturday, Sunday or a day on which banks in California are permitted or required by Law to be closed.

"Calculation Date" means the date of the applicable Wind-Down Notice.

"California Arbitration Provisions" has the meaning set forth in Section 6(b) of **Exhibit 9.1**.

"Care Model Agreement" or "CMA" means the care model agreement among SMMC, Kaiser, and SCPMG in the form attached hereto as **Exhibit 3.3**, as may be amended from time to time.

"Catholic Identity Standards" has the meaning set forth in the Operating Agreement.

"Change of Control" means (a) any merger, combination, consolidation or similar business transaction involving a Person in which the holders of the voting membership or interests immediately prior to such transaction are not the holders of fifty percent (50%) or greater of the voting interests of the surviving Person in such transaction immediately after such closing ("Business Combination"); (b) any sale or transfer by a Person of all or substantially all of the Person's assets to any acquiring Person in which the holders of the voting membership or interests immediately prior to such sale or transfer are not the holders of fifty percent (50%) or greater of the voting membership or interests of the acquiring Person immediately after sale or transfer ("Asset Sale"); or (c) the closing of a transaction or series of transactions pursuant to which the right to appoint a majority of the members of the board of directors or similar governing body of a Person, is transferred to a Person which is not an Affiliate ("Board Change"). Notwithstanding the foregoing, (x) any Business Combination, Asset Sale, Board Change or other reorganization or recapitalization or realignment between a Person and an Affiliate of that Person that is permitted by the Definitive Documents shall not constitute a Change of Control for purposes of this definition so long as such Affiliate assumes the obligations of such Person under the Definitive Documents for the benefit of the other Parties and such Person acknowledges that it is not released from any obligations that it has under the Definitive Documents; and (y) with respect to SMMC, any Business Combination, Asset Sale, Board Change or other reorganization or recapitalization or realignment between SMMC and another Person which is a Catholic sponsored healthcare system exempt from federal income tax as an organization described in IRC §501(c)(3) and in good standing with the Catholic Church shall not constitute a Change of Control for purposes of this definition so long as the resulting organization assumes the obligations of SMMC under the Definitive Documents and such organization acknowledges that it is not released from any obligations that it has under the Definitive Documents.

"Closing" has the meaning set forth in Section 1.2.

"Closing Date" has the meaning set forth in Section 1.2.

"Code" means the Internal Revenue Code of 1986, as amended.

"Company" means a new California limited liability company established by SMMC as provided by this Affiliation Agreement, into which SMMC will contribute the assets of the Existing Hospital at Closing in accordance with the Contribution Agreement, and in which SMMC and Kaiser will both be members and through which they will construct and operate the New Hospital.

"Competing Business" has the meaning set forth in Section 6.1.

"Competing Business Notice" has the meaning set forth in Section 6.1(a).

"Competing Business Response Notice" has the meaning set forth in Section 6.1(a).

"Confidential Information" has the meaning set forth in Section 8.1.

"Contract" means with respect to any Person, any contract, agreement, deed, mortgage, lease, sublease, license or other legally enforceable commitment, promise, undertaking, obligation, arrangement, instrument or understanding, whether written or oral, to which such Person is a party or by which such Person is otherwise subject or bound or to which any property, business, operation or right of such Person is subject or bound.

"Corporate Executives" means corporate executives who have (i) sufficient knowledge and background concerning the subject matter of the Dispute at issue and (ii) access and lines of communication to those Party personnel with the final and requisite corporate authority on behalf of such Party with respect to the dispute resolution process at issue.

"Corporate Executives Meeting" has the meaning set forth in Section 3(a)(ii) of **Exhibit 9.1**.

"Corporate Executives Meeting Period" has the meaning set forth in Section 3(a)(ii) of **Exhibit 9.1**.

"Days" or "days" shall mean calendar days.

"Definitive Document" and "Definitive Documents" mean the following documents: this Affiliation Agreement, Articles of Organization, Operating Agreement, Contribution Agreement, Management Agreement, the Existing Hospital HCSA, the New Hospital HCSA, Care Model Agreement, Existing Hospital Lease, and Trademark Licensing Agreements in each case together with all exhibits and schedules appended hereto or thereto.

"Designated as Confidential" means, for information so designated, information that is not to be used, disclosed or otherwise disseminated except by or to those representatives of any Party who are participating in the applicable process set forth in **Exhibit 9.1 (Dispute Resolution)** and have need to know about such information for the purposes of addressing and resolving the matters or processes at issue pursuant to and in accordance with **Exhibit 9.1**. Such designation, where required by **Exhibit 9.1**, shall be made clearly in writing on the applicable materials.

"Disclosing Party" means a Party or Parties that disclosed Confidential Information to another Party or Parties.

"Dispute" has the meaning set forth in Section 1 of **Exhibit 9.1**.

"Dispute Notice" means a notice of a Dispute given by one Party to the other, in conformance with Section 2 of **Exhibit 9.1** (Dispute Resolution) and Designated as Confidential, such notice containing reasonable and sufficient detail of the issues underlying the Dispute.

"Disputing Party" means a Party that has determined that a Dispute exists.

"Disputing Party's Discussion Cessation Notice" has the meaning set forth in Section 3(h) of **Exhibit 9.1**.

"Disqualifying Event" has the meaning set forth in the Operating Agreement.

"Dissolved or Liquidated" means that the Company shall have ceased to exist upon the filing of articles of dissolution, by administrative dissolution without reinstatement within the applicable statutory period for reinstatement, or by final, non-appealable judicial order under California Law.

"DMHC" has the meaning set forth in Section 4.2.

"Effective Date" has the meaning set forth in the introductory paragraph hereof.

"ERD Dispute" has the meaning set forth in Section 1(a) of **Exhibit 9.1**.

"Ethical and Religious Directives for Catholic Health Care Services" means the most recent edition (currently the Sixth edition) of a document of the same title that is issued and amended from time to time by the United States Conference of Catholic Bishops (or any successor organization).

"Existing Hospital HCSA" means the Healthcare Services Agreement among Kaiser and SMMC (or the Company, as applicable) for Services to be provided at the Existing Hospital in the form attached hereto as **Exhibit 4.2**, as may be amended from time to time.

"Existing Hospital Land and Facilities" has the meaning set forth in Section 2.1(a).

"Existing Hospital Lease" has the meaning set forth in Section 2.1(a).

"Fair Value" has the meaning set forth in Section 10.3(c)(ii).

"Final Determination" has the meaning set forth in Section 10.3(c)(iii)(4).

"Fundamental System Change" means an implemented or pending (in a manner reasonably likely to be implemented) single event or action or a series of related events or actions, in each case by a Governmental Authority, including legislation or the implementation of regulations pursuant to legislation, in all cases on the California state level or the federal level that materially or fundamentally impacts, alters or otherwise affects in an adverse manner (i) prevailing models for the financing of health care, (ii) licensing or operational qualification standards of inpatient hospital and related health care activities, (iii) the reimbursement methodology for inpatient and outpatient health care services, or (iv) the economics of inpatient hospital operations.

"Geographic Area" means the areas of California covered by the following zip codes: 92301, 92307, 92308, 92342, 92344, 92345, 92356, 92368, 92371, 92372, 92392, 92394, 92395, 92397.

"Governing Documents" means any documents by which a Person is created and exists and that are intended to govern any Person, including articles or certificates of incorporation, articles or certificates of formation or organization, bylaws, operating agreements, partnership agreements, charters and any amendments to any of the foregoing, whether singular or plural.

"Governmental Authority" means any: (a) nation, state, county, municipality, district or other governmental jurisdiction; (b) federal, state, local, municipal, or other government; or (c) any formal domestic governmental division, authority, program, federal health care program, office, bureau, board, directorate, political subdivision, department, agency, commission, instrumentality, official, organization, accreditation or certification body with government-delegated administrative authority and any federal or state court or judicial body.

"HCSAs" has the meaning set forth in Section 4.3.

"Hospitals" means the Existing Hospital and the New Hospital.

"Hospital Assets" has the meaning set forth in the Contribution Agreement.

"Illegality Failure" means the final, non-appealable determination by a court of competent jurisdiction or, as applicable, the final determination pursuant to binding arbitration that any one or more of the material obligations or duties of the applicable Person contained in any of Definitive Documents are, in whole or in part, invalid, illegal or unenforceable in any respect in any applicable jurisdiction, resulting in a Material Adverse Effect.

"Immediate KFH Unwind Event" means that, at KFH's sole discretion, at any time that the Board of the Company commences consideration of whether the Company should be Dissolved or Liquidated, KFH may give a Wind-Down Notice to SMMC, without the necessity of engaging in the dispute resolution process, in which case, the Wind-Down Period shall be deemed to continue until the effective date of the Company's dissolution.

"Immediate SMMC Unwind Event" means that, at SMMC's sole discretion, at any time that the Board of the Company commences consideration of whether the Company should be Dissolved or Liquidated, SMMC may give a Wind-Down Notice to KFH, without the necessity of engaging in the dispute resolution process, in which case, the Wind-Down Period shall be deemed to continue until the effective date of the Company's dissolution.

"Indemnified Party" has the meaning set forth in **Exhibit 14**.

"Indemnifying Party" has the meaning set forth in **Exhibit 14**.

"JAMS" means Judicial Arbitration and Mediation Services, Inc.

"JAMS Comprehensive Arbitration Rules and Procedures" has the meaning set forth in Section 6(c) of **Exhibit 9.1**.

"JAMS Recommended Discovery Protocols for Domestic, Commercial Cases" has the meaning set forth in Section 6(c) of **Exhibit 9.1**.

"JAMS Rules" has the meaning set forth in Section 6(c) of **Exhibit 9.1**.

"Kaiser" has the meaning set forth in the introductory paragraph hereof.

"KFH" has the meaning set forth in the introductory paragraph hereof.

"KFH Unwind Event" has the meaning set forth in Section 10.1(a).

"KFHP" has the meaning set forth in the introductory paragraph hereof.

"KFH Change of Control Transaction" means any Change of Control with respect to KFH.

"Knowledge" of any Person means the actual knowledge of such Person and that knowledge which the Person should reasonably be expected to have as a result of the Person's particular employment position and responsibilities after reasonable inquiry (including such due inquiry as a prudent businessperson would have made or exercised in the management of his or her business affairs). SMMC shall be deemed to have such Knowledge as any of the following officers: (i) the President and Chief Executive Officer of SMMC; (ii) the Senior Vice President and General Counsel of SMMC; or (iii) the Chief Counsel for Health Affairs of SMMC. Kaiser shall be deemed to have such Knowledge as any of the following officers: (i) the Southern California Regional President of KFH and KFHP; (ii) the Southern California Regional Chief Financial Officer of KFH and KFHP; (iii) Southern California Regional Counsel of KFHP.

"Law" or "Laws" means any statute, law, enacted legislation, ruling, ordinance, rule, requirement, regulation or case law of any Governmental Authority, whether federal, state or local.

"Liability" or "Liabilities" means with respect to any Person, any liability or obligation of such Person whether known or unknown, whether asserted or unasserted, whether determined, determinable or otherwise, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, whether directly incurred or consequential, whether due or to become due and whether or not required under GAAP to be accrued on the financial statements of such Person.

"Local Meeting" has the meaning set forth in Section 3(a)(i) of **Exhibit 9.1**.

"Local Meeting Period" has the meaning set forth in Section 3(a)(i) of **Exhibit 9.1**.

"Local Representative" means a representative of a Party with knowledge of and authority to present a Party's position with respect to a Dispute and whose base of operations is in California.

"Loss of Tax Exemption Event" has the meaning set forth in the Operating Agreement.

"Losses" has the meaning set forth in **Exhibit 14**.

"Material Adverse Effect" means any change in, or effect on, the operations, assets or condition (financial or otherwise) of SMMC, Company, KFH, KFHP, the Existing Hospital, or the New Hospital, as applicable, which, when considered individually or in the aggregate together with all other adverse or positive changes or effects with respect to which such phrase is used in this Affiliation Agreement, is, or is reasonably likely to be, materially adverse to the operations, assets or condition (financial or otherwise) of SMMC, Company, KFH, KFHP, the Existing Hospital, or the New Hospital, taken as a whole, as applicable.

"Mediation" has the meaning set forth in Section 4 of **Exhibit 9.1**.

"Mediation Period" has the meaning set forth in Section 4 of **Exhibit 9.1**.

"Mediation Principal" has the meaning set forth in Section 4(b) of **Exhibit 9.1**.

"Mediation Settlement Agreement" has the meaning set forth in Section 4(d) of **Exhibit 9.1**.

"Mediation Submission Period" has the meaning set forth in Section 4 of **Exhibit 9.1**.

"Mediator" means a retired judge of the California Superior Court or above or United States courts who is an experienced mediator with at least five (5) years of mediation experience.

"Meet and Confer" has the meaning set forth in Section 3 of **Exhibit 9.1**.

"Member" has the meaning set forth in the applicable HCSA.

"New Hospital" has the meaning set forth in Section 2.1(b).

"New Hospital Commencement of Operations Date" means the "SMMC Hospital Commencement of Operations Date" as defined in the Operating Agreement.

"New Hospital HCSA" means the Healthcare Services Agreement among Kaiser and SMMC (or the Company, as applicable) for Services to be provided at the New Hospital in the form attached hereto as **Exhibit 4.3**, as may be amended from time to time.

"Notified Party" means the Party which receives from a Disputing Party a Dispute Notice.

"Operating Agreement" has the meaning set forth in Section 1.1.

"Party" and "Parties" have the meaning set forth in the introductory paragraph hereof.

"Payment Dispute" means any difference between the Parties that deals directly with payment obligations under the Definitive Documents; provided, however, Payment Disputes pertaining to the HCSAs shall be resolved according to the provisions of the HCSAs.

"Percentage Interest" has the meaning set forth in the Operating Agreement.

"Person" means any individual, corporation, limited liability company, partnership, firm, joint venture, association, joint-stock company, trust, unincorporated organization, Governmental Authority or other entity.

"Post-Affiliation KFH Hospital" has the meaning set forth in Section 6.1.

"Proceeding" has the meaning set forth in **Exhibit 14**.

"Prompt" or "Promptly" means as soon as practicable in the circumstances.

"Proposing Party" has the meaning set forth in Section 6.1(a).

"Providence" has the meaning set forth in paragraph A of the Recitals hereto.

"Restricted Hospital Service" has the meaning set forth in Section 6.1(c).

"Senior Executive Meeting" has the meaning set forth in Section 3(a)(iii) of **Exhibit 9.1**.

"Senior Executive Meeting Period" has the meaning set forth in Section 3(a)(iii) of **Exhibit 9.1**.

"Senior Executives" means any senior executive with the final and requisite corporate authority on behalf of Kaiser or SMMC, as applicable, with respect to the Dispute resolution process set forth in **Exhibit 9.1**. At any Senior Executive Meeting, either Kaiser or SMMC, each at its sole discretion, may be represented by only its Senior Executive.

"Services" means all of those services and supplies that the SMMC Providers, including at the Existing Hospital or the New Hospital, as applicable, or their respective Subcontractors, provide and do customarily provide for the delivery of health care services.

"Settlement Documentation" means a written settlement agreement prepared by the Parties and their designated legal counsel in accordance with the Term Sheet, executed by the Parties, and regarding any settlement of a Dispute or the matters underlying an Unwind Event as a result of the Senior Executive Meeting process or as otherwise set forth in **Exhibit 9.1**. Such document shall set forth the obligations of the Parties and the specific dates on which such obligations are required to be completed. In the event a Party alleges a breach of any Settlement Documentation produced in connection with **Exhibit 9.1**, such alleged breach shall be deemed to be a Dispute to be resolved pursuant to **Exhibit 9.1**.

"Side" has the meaning set forth in Section 10.3(c)(iii)(1).

"SMMC" has the meaning set forth in the introductory paragraph hereof.

"SMMC Change of Control Transaction" means any Change of Control with respect to SMMC.

"SMMC Providers" means (i) the Existing Hospital, (ii) the New Hospital, (iii) the staff who are employed by SMMC or the Existing Hospital as of the date hereof and (iv) the staff who become employed by SMMC, the Existing Hospital, or the New Hospital during the Term.

"SMMC Unwind Event" has the meaning set forth in Section 10.1(b).

"Subcontractor" means any entity or Person(s) that provides or arranges for Services to Members pursuant to a direct or indirect contract, agreement or other arrangement with any of SMMC, the Company, the Existing Hospital, or the New Hospital. Employees of SMMC, the Company, the Existing Hospital, or the New Hospital are not considered Subcontractors.

"Supermajority Board Approval" has the meaning set forth in the Operating Agreement.

"Term" has the meaning set forth in Section 7.1.

"Term Sheet" means a non-binding term sheet containing the key business terms of the resolution of a Dispute and Designated as Confidential.

"Trademark Licensing Agreements" shall have the mean Kaiser License Agreement and SMMC License Agreement as defined in the Operating Agreement.

"Trade Secrets Act" has the meaning set forth in Section 8.1.

"SCPMG" has the meaning set forth in paragraph E of the Recitals hereto.

"Unwind Amount" means the amount which SMMC must pay to KFH in connection with the issuance of a Wind-Down Notice, as set forth in detail in the Affiliation Agreement.

"Unwind Closing" has the meaning set forth in Section 10.3(c)(i).

"Unwind Event" means an SMMC Unwind Event or a Kaiser Unwind Event, as the context shall require.

"Wind-Down Notice" means a notice given by a Party pursuant to and as permitted by Section 10.2 pursuant to which the Parties shall implement the process for wind-down described in Section 10.3.

"Wind-Down Period" has the meaning set forth in Section 7.2(b).

EXHIBIT 1.1.1

ARTICLES OF ORGANIZATION

[*see attached*]

EXHIBIT 1.1.2

OPERATING AGREEMENT

[*see attached*]

EXHIBIT 1.2

CONTRIBUTION AGREEMENT

[*see attached*]

EXHIBIT 1.5

INITIAL BOARD OF MANAGERS

SMMC MANAGERS:

1. Kevin Manemann
2. Prub Khurana
3. Prash Kumar, M.D.
4. Judith Dugan
5. Ziad El Hajjaoui, M.D.
6. Jovy Yankaskas
7. Randall Lewis

KFH MANAGERS:

1. Alfonse Upshaw
2. Lesley Wille
3. Georgiana Garcia

EXHIBIT 2.1.1

EXISTING HOSPITAL LEASE

[*see attached*]

EXHIBIT 3.1

MANAGEMENT SERVICES AGREEMENT

[*see attached*]

EXHIBIT 3.3

CARE MODEL AGREEMENT

[*see attached*]

EXHIBIT 3.5

INFORMATION TECHNOLOGY REQUIREMENTS - NEW HOSPITAL

None.

EXHIBIT 4.2

EXISTING HOSPITAL HCSA

[*see attached*]

EXHIBIT 4.3

NEW HOSPITAL HCSA

[*see attached*]

EXHIBIT 6.1

GRANDFATHERED ARRANGEMENTS FOR COMPETING BUSINESSES

A. SMMC:

None.

B. Kaiser:

None.

EXHIBIT 9.1

DISPUTE RESOLUTION

1. Purpose. This **Exhibit 9.1** describes the procedure the Parties will follow in order to resolve all disputes and disagreements arising under this Affiliation Agreement (each such dispute or disagreement, a "Dispute"), except for Disputes related to compliance by SMMC, the Company, the Existing Hospital or the New Hospital with the Ethical and Religious Directives for Catholic Health Care Services (an "ERD Dispute"), which shall be resolved pursuant to Section 1(a) of this **Exhibit 9.1**. The sole method for determining the existence of and resolving Disputes arising under the Affiliation Agreement shall occur pursuant to this **Exhibit 9.1**. The dispute resolution provisions of the Existing Hospital HCSA, the New Hospital HCSA, and the CMA shall govern all disputes arising under or with respect to those respective Definitive Documents.

(a) ERD Disputes. ERD Disputes shall not be subject to the dispute resolution process set forth in this **Exhibit 9.1**, and instead shall be resolved in accordance with the Catholic Identity Standards, Section 3.02(b) of the Operating Agreement, and other terms and provisions in the Operating Agreement pertaining to the Catholic identity of SMMC and the Company.

2. Dispute Notice. Upon the determination by a Party that a Dispute exists, a Party may deliver a Dispute Notice to the other Parties, which shall result in the commencement of the process outlined in Sections 3, 4, 5, and 6 of this **Exhibit 9.1**.

3. Meet and Confer. Upon the delivery of a Dispute Notice by a Party to the other Parties, representatives of each of SMMC and Kaiser shall meet with the representatives of the other Party informally to consider resolution of the issues that are the subject of the Dispute ("Meet and Confer"). Upon the receipt of the Dispute Notice by the Notified Party, the Notified Party shall promptly contact the Disputing Party to determine in writing the date and time of such meeting(s).

(a) There shall be three (3) separate and sequential Meet and Confer steps available to the Parties, as follows:

(i) Local Meeting. First, a "Local Meeting" meeting(s) shall occur among the Local Representatives on a date and at a time to be agreed upon mutually by the Parties. Unless otherwise stipulated by SMMC and Kaiser, the Local Meeting(s) shall take place within the forty-five (45) Day period immediately following the receipt by the Notified Party of the Dispute Notice (the "Local Meeting Period"). Each Local Representative shall commit reasonably sufficient time to the Local Meeting process. If the Local Representatives agree to resolution of the issues that are the subject of the Dispute Notice during the Local Meeting Period, (1) SMMC and Kaiser shall compile and execute a Term Sheet, (2) such resolution shall be documented in accordance with the Term Sheet as Settlement Documentation and Designated as Confidential, (3) the Parties shall employ their reasonable efforts to negotiate and execute such document, no later than the end of the twenty (20) Day period immediately following the end of the Local Meeting Period and (4) after the execution of the document referenced in clause (3) above, the Local Representatives shall provide the notice required by Section 3(g). If, during the Local Meeting Period, the Local Representatives are unable to arrive at a substantive agreement with respect to

resolution of the issues that are the subject of the Dispute Notice, (y) the Corporate Executives Meeting stage shall automatically commence at the end of the Local Meeting Period and (z) the Local Representatives shall provide the notice required by Section 3(h). In no event shall the Local Meeting process exceed forty-five (45) days, unless the Parties mutually agree otherwise.

(ii) Corporate Executives Meeting. A "Corporate Executives Meeting" meeting(s) shall occur among the Corporate Executives on a date and at a time to be agreed upon mutually by SMMC and Kaiser. The Corporate Executives Meeting(s) shall take place within the forty-five (45) Day period immediately following the end of the Local Meeting Period (the "Corporate Executives Meeting Period"). Each Corporate Executive shall commit reasonably sufficient time to the Corporate Executives Meeting process. If the Corporate Executives agree to resolution of the issues that are the subject of the Dispute Notice, (1) SMMC and Kaiser shall compile a Term Sheet, (2) such agreement shall be documented in accordance with the Term Sheet as Settlement Documentation and Designated as Confidential, (3) the Parties shall employ their reasonable efforts to negotiate and execute such document no later than the end of the thirty (30) Day period immediately following the end of the Corporate Executives Meeting Period and (4) after the execution of the document referenced in clause (3) above, the Corporate Executives shall provide the notice required by Section 3(g). If, during the Corporate Executives Meeting Period, the Corporate Executives are unable to arrive at a substantive agreement with respect to an alternative to resolution of the issues that are the subject of the Dispute Notice, (y) the Senior Executive Meeting stage shall automatically commence at the end of the Corporate Executives Meeting Period and (z) the Corporate Executives shall provide the notice required by Section 3(h). In no event shall the Corporate Executives process exceed forty-five (45) days, unless the Parties mutually agree otherwise.

(iii) Senior Executive Meeting. A "Senior Executive Meeting" shall occur between the Senior Executives on a date and at a time to be agreed upon mutually by SMMC and Kaiser. The Senior Executive Meeting(s) shall take place within the forty-five (45) Day period immediately following the end of the Corporate Executives Meeting Period (the "Senior Executive Meeting Period"). Each Senior Executive shall commit reasonably sufficient time to the Senior Executive Meeting process. If the Senior Executives agree to resolution of the issues that are the subject of the Dispute Notice, (1) SMMC and Kaiser shall compile a Term Sheet, (2) such agreement shall be documented in accordance with the Term Sheet as Settlement Documentation and Designated as Confidential, and (3) the Parties shall employ their reasonable efforts to negotiate and execute such document no later than the end of the thirty (30) Day period immediately following the end of the Senior Executive Meeting Period and (4) after the execution of the document referenced in clause (3) above, the Senior Executives shall provide the notice required by Section 3(g). If, during the Senior Executive Meeting Period, the Senior Executives are unable to arrive at a substantive agreement with respect to resolution of the issues that are the subject of the Dispute Notice, (y) the Mediation stage shall automatically commence at the end of the Senior Executive Meeting Period and (z) the Senior Executives shall provide the notice required by Section 3(h). In no event shall the Senior Executive Meeting process exceed forty-five (45) days, unless the Parties mutually agree otherwise.

(b) Failure to Meet and Waiver. If either SMMC or Kaiser fails to meet within the applicable meeting period, that Party shall be deemed to have waived that Meet and Confer step, and the Parties shall proceed to the next step required by this **Exhibit 9.1** at the end of the

applicable meeting period. After the Parties have met at least one time during a given Meet and Confer step, either Party may waive the remainder of such Meet and Confer step and require the Parties to proceed to the next step of the dispute resolution process set forth in this **Exhibit 9.1** by issuing a written notice to the other Parties.

(c) Use of Information. All statements made, materials generated and conduct occurring during the Meet and Confer process (including that the Parties are participating in a Meet and Confer process) shall constitute Confidential Information governed by **Article VIII (Confidentiality)** of this Affiliation Agreement and are part of settlement negotiations and shall not be an admission of liability by or on behalf of any Party or discoverable or admissible as evidence or as an admission in any litigation, arbitration, mediation or other proceeding, except with respect to an action to enforce any settlement agreement resulting from any Meet and Confer stage.

(d) Transcripts. No Party shall create a transcript, minutes, or recording of any part of the Meet and Confer sessions. No one may be served with process, summons or subpoena in the course of or as a result of attending the Meet and Confer session(s), except with respect to an action to enforce any Settlement Documentation resulting from any Meet and Confer stage.

(e) Participation of Legal Counsel. Each of SMMC and Kaiser may have legal counsel present at and participate in the Meet and Confer sessions. A Party failing to have legal counsel present shall waive any objection to the presence and participation of the legal counsel of the other Party.

(f) Location of Meet and Confer Meetings. Each Local Meeting, Corporate Executives Meeting, and Senior Executive Meeting shall take place at a mutually agreed location in Los Angeles County or Orange County, California, unless the Parties agree to a different meeting location.

(g) Successful Meet and Confer Stage. If resolution of the issues that are the subject of the Dispute Notice is agreed upon during a specific Meet and Confer stage, the Local Representatives, Corporate Executives or Senior Executives, as applicable, shall Promptly provide written notice that a resolution of the issues that are the subject of the Dispute Notice, to the following Persons: (i) the principal contact for each Party set forth in Section 11.1 (Notices) of this Affiliation Agreement and (ii) the legal counsel for each Party. Such notice shall contain: (v) a copy of the Dispute Notice, (w) a copy of the Term Sheet, (x) the identification of legal counsel of each Party charged with negotiating and finalizing the Settlement Documentation and (y) the time period in which the Parties have to negotiate and execute the Settlement Documentation.

(h) Unsuccessful Meet and Confer Stage. If a resolution of the issues that are the subject of the Dispute Notice is not agreed upon during a specific Meet and Confer stage, at the end of the applicable Local Meeting Period, Corporate Executives Meeting Period or Senior Executive Meeting Period, the Local Representatives, Corporate Executives or Senior Executives, as applicable, shall Promptly provide written notice that such Meet and Confer stage ended without an alternative to termination to the following Persons: (i) the participants who are required to participate in the next Meet and Confer stage pursuant to this Section 3, and (ii) the legal counsel for each Party. Such notice shall contain: (x) a copy of the Dispute Notice and (y) a written

summary of the Parties' meetings in the Meet and Confer stage that just ended, Designated as Confidential (the "Disputing Party's Discussion Cessation Notice").

4. Mediation. If the Meet and Confer stage ends without success, the Dispute process shall require "Mediation", and SMMC and Kaiser shall, within the ten (10) Day period immediately following the end of the Senior Executive Meeting Period (the "Mediation Submission Period"), jointly submit the matters underlying the Dispute to mediation for resolution in accordance with this Section 4 of **Exhibit 9.1**. The Mediation shall be conducted and completed within the forty-five (45) Day period immediately following the end of the Senior Executive Meeting Period (the "Mediation Period") in accordance with the following provisions:

(a) Mediator Selection. SMMC and Kaiser shall, during the Mediation Submission Period, jointly select a Mediator. If SMMC and Kaiser are unable to agree upon a Mediator during the Mediation Submission Period, SMMC and Kaiser shall immediately and jointly submit the matter to JAMS located in Los Angeles, California for selection of a JAMS panel mediator to serve as the Mediator.

(b) Mediation Participants. Each of SMMC and Kaiser may choose those Persons it wishes to have participate in the Mediation on its behalf, provided that each of SMMC and Kaiser is represented by a Person who shall have final and requisite corporate authority or access to such authority on behalf of such Party to settle the matters underlying the Dispute (each, a "Mediation Principal" and collectively the "Mediation Principals").

(c) Mediation Procedures. The Mediation shall commence Promptly after the Mediator is identified but in no event later than the end of the twenty (20) Day period immediately following the date on which the Mediator is identified, unless the Parties mutually agree to a different schedule or the schedule of the Mediator requires a later date. The Mediation shall be completed no later than the end of the Mediation Period, unless SMMC and Kaiser agree otherwise or the Mediator believes that additional time would more likely than not lead to resolution of the disputed matter(s). No Party shall be entitled to conduct discovery as a part of the Mediation; however, each of SMMC and Kaiser shall submit a proposed list of relevant facts to the Mediator that such Party asserts are relevant to the resolution of the disputed matter(s). Submissions shall be limited to assertions of fact without opinion, legal argument or ultimate conclusory assertions. Otherwise, the Mediation shall be conducted in accordance with the procedures established by the Mediator in consultation with the executives of the Parties participating in the Mediation.

(d) Mediation Settlement. No Party shall be compelled to accept a resolution of the disputed matter(s) through Mediation to which that Party does not voluntarily agree. Any settlement reached as a result of Mediation will be the product of a voluntary decision by the Parties to settle upon the agreed terms. The Parties will compile a Term Sheet, and such settlement shall be documented as Settlement Documentation, Designated as Confidential and executed by the Parties no later than the end of the thirty (30) Day period immediately following the end of the Mediation Period (the "Mediation Settlement Agreement"). Unless otherwise agreed by the Parties, the Mediation Settlement Agreement will be treated the same as, and have the same force and effect as, an Arbitration award rendered pursuant to this **Exhibit 9.1**.

(e) Attorneys' Fees/Costs. Each of SMMC and Kaiser shall be responsible for its own attorneys' fees and costs incurred in preparing for and attending the Mediation. SMMC and Kaiser shall share equally the costs of the Mediation proceedings and the Mediator.

(f) Mediation Venue. The Mediation shall be conducted in Los Angeles, California or such other location to be designated by the Mediator.

(g) Mediation Confidentiality. The entire Mediation process shall be confidential (including that the Parties are participating in Mediation) in accordance with **Article VIII (Confidentiality)** of this Affiliation Agreement and the privileges and protections of the California Evidence Code and Rule 408 of the Federal Rules of Evidence shall apply.

(h) Communications. There will be no transcript, minutes, or recording of any part of the Mediation session(s), nor may anyone be served with process, summons or subpoena in the course of or as a result of attending the Mediation session(s), except with respect to an action to enforce the Mediation Settlement Agreement. The Parties acknowledge and agree that all communications of a Party (including its legal counsel) with or in the presence of the Mediator that are outside the presence of the other Party shall be confidential and should not be disclosed by the Mediator to the other Party without permission. The Mediator shall be permitted to discuss with one Party the Mediator's thoughts, opinions and impressions of the other Party's positions on settlement or issues relating to the Dispute.

(i) Future Testimony by Mediator. No Party shall be permitted to call or seek to call the Mediator to testify, by subpoena or otherwise, at deposition, hearing, trial or any other proceeding for any purpose, except with respect to an action to enforce the Mediation Settlement Agreement.

(j) Mediator Materials. Any documents of the Mediator, including the Mediator's files and notes and all materials submitted by the parties to the Mediator, shall be confidential and not subject to production by subpoena or otherwise except with respect to an action to enforce the Mediation Settlement Agreement.

(k) Successful Mediation. If SMMC and Kaiser reach a resolution of the subject matter of the Dispute Notice pursuant to Mediation, the Mediation Principals shall Promptly provide written notice that such determination was made to the following Persons: (A) the principal contact for each Party set forth in Section 11.1 (Notices) of this Affiliation Agreement and (B) the legal counsel for each Party. Such notice shall contain: (w) a copy of the Dispute Notice, (x) a copy of the Term Sheet, (y) the identification of legal counsel of each Party charged with negotiating and finalizing the Mediation Settlement Agreement and (z) the time period required by this Section 4 in which the Parties have to negotiate and execute the Mediation Settlement Agreement.

(l) Unsuccessful Mediation. If, by the end of the Mediation Period, the Mediation has not occurred or SMMC and Kaiser have not reached a resolution of the subject matter of the Dispute Notice (subject to the opinion of the Mediator that additional time more likely than not would lead to resolution), the Parties shall proceed immediately as follows:

(i) The Mediation Principals shall Promptly provide the Disputing Party's Discussion Cessation Notice that the Mediation Period ended without the Parties agreeing on an alternative to the Termination of the Affiliation and this Affiliation Agreement to the legal counsel for each Party. The Disputing Party's Discussion Cessation Notice shall contain: (x) a copy of the Dispute Notice and (y) a written summary of the issues underlying the Dispute Notice that remain unresolved, Designated as Confidential.

5. Baseball Arbitration. Baseball Arbitration shall be conducted pursuant to the procedure set forth in Section 6 below (other than paragraph (g) thereto), subject to the provisions of paragraphs (a) and (b) of this Section.

(a) For any Payment Dispute, each party to Baseball Arbitration shall submit to the arbitrators the rate, amount, or other dollar figure at issue that such party claims is the amount the arbitrators should award or determine, along with such supporting evidence and argument that such party deems necessary (subject to the applicable arbitration procedures), and the arbitrator's award shall be the rate, amount, or other dollar figure submitted by one of the parties and no other rate, amount, or other dollar figure. For any other dispute, each party shall submit to the arbitrators the solution that such party believes will best preserve the intent of the Affiliation and the arbitrator shall select one of the submissions without modification that, in their sole judgment, will best preserve the intent of the Affiliation.

(b) To the extent the provisions of this Section 5 and Section 6 conflict, the provisions of this Section 5 shall supersede and control.

6. Binding Arbitration.

(a) Arbitration Requirement. If a Dispute is not otherwise resolved pursuant to the Meet and Confer process or the Mediation process, and for each Payment Dispute, the Parties shall, within the thirty (30) day period immediately following the receipt of an Arbitration Notice relating to a Dispute (the "Arbitration Submission Period"), jointly submit the Dispute to binding arbitration ("Arbitration") for resolution. In the event that the Parties fail to jointly submit the Dispute to binding arbitration during the Arbitration Submission Period, then any Party may unilaterally submit the Dispute to Arbitration. In either event, the Arbitration shall be conducted pursuant to the JAMS Rules (as defined below), in accordance with the following provisions.

(b) Venue/Applicable Law. The Arbitration shall be conducted in Los Angeles, California. The construction, validity, and performance of any Arbitration conducted pursuant to this Affiliation Agreement shall be governed by the Laws of the State of California, including California Code of Civil Procedure Section 1280 *et seq*. (the "California Arbitration Provisions"), and specifically section 1283.05, and Section 2 of the Federal Arbitration Act (9 U.S.C. § 2).

(c) Administration of Arbitration. Unless otherwise agreed to by the Parties, the Arbitration shall be administered by the JAMS office located in Los Angeles, California, in accordance with the JAMS rules applicable to commercial arbitrations then in effect (titled as of the date of this Affiliation Agreement, the "JAMS Comprehensive Arbitration Rules and Procedures" and which shall include the "JAMS Recommended Discovery Protocols for Domestic, Commercial Cases" and are collectively referred to herein as the "JAMS Rules"), except

that this Affiliation Agreement shall control in instances where it conflicts with the JAMS Rules. The provisions of this Affiliation Agreement shall also control any matters addressed by it that are not addressed by the JAMS Rules. If any procedural issues arise that are not addressed by the JAMS Rules or this Affiliation Agreement, then such issues shall be resolved in accordance with the California Arbitration Provisions. In the event that JAMS shall for any reason decline to administer or conduct the Arbitration, then the Arbitration shall be conducted under the rules of such other nationally recognized arbitration service as the parties shall mutually agree.

(d) Arbitrator Selection and Fees. The Parties shall appoint three (3) mutually agreed, neutral Arbitrators (the "Arbitrators"). If the Parties are unable to agree upon an Arbitrator within thirty (30) days after the Dispute at issue is submitted to Arbitration, each Party shall provide to the other a list of ten (10) arbitrators from the JAMS panel. Within seven (7) days following the exchange of the lists, each Party shall strike three (3) names and shall rank the remaining seven (7) candidates in order of preference. The remaining arbitrator candidates with the highest composite ranking shall be appointed as the Arbitrators. Nothing stated in this Section 6(d) shall prevent a Party from disqualifying an Arbitrator based on a legitimate conflict of interest.

(e) Arbitration Participants. Each Party may choose those Persons it wishes to have participate in the Arbitration on its behalf, provided that each Party is represented by a Person who shall have final and requisite corporate authority on behalf of such Party to settle the Dispute at issue.

(f) Discovery. In connection with the Arbitration, the Parties shall be entitled to conduct any discovery allowed by the California Arbitration Provisions. Any disagreement regarding discovery, or the relevance or scope thereof, shall be determined by the Arbitrators, which determination shall be conclusive. All discovery shall be completed within the one-hundred twenty (120) day period following the appointment of the Arbitrators.

(g) Arbitrators' Power. The Arbitrators shall only have the power to select the one submission that they deem most just and equitable and that is in accordance with the terms of this Affiliation Agreement, including specific performance, and including injunctive relief. Notwithstanding the foregoing, the Arbitrators shall not have the power to issue an award that is inconsistent with California Law or applicable federal Law and shall not have the power to award any relief that could not be awarded by a California court. The arbitrators may require the Parties to amend or correct defects in any submission in order to satisfy this requirement.

(h) Attorney's Fees/Costs. Each Party shall be responsible for its own attorneys' fees and costs incurred in preparing for, attending, and conducting the Arbitration. The Parties shall share equally the fees and costs of the Arbitration proceedings and the Arbitrators.

(i) Joinder of Interested Parties. Any and all proper parties may be joined in the Arbitration to the extent that such other parties have or will agree to be bound by any award issued by the Arbitrators. The Parties will proceed with Arbitration between them even if such other parties refuse to or are unable to participate.

(j) Written Decision. Except as provided below, the Arbitrators shall issue a written, reasoned decision setting forth the Parties' contentions, findings of fact, and conclusions of law applying California and applicable federal Law, which shall decide all issues submitted to the Arbitrators for decision (the "Award") within the thirty (30) day period immediately following the conclusion of the merits hearing or the filing of the last post-hearing brief ordered or allowed by the Arbitrators, whichever shall occur last. The Award shall be signed by the Arbitrators. For an Award involving the payment of money of Two Hundred Fifty Thousand Dollars ($250,000) or more, or for an Award without a damages award, the Arbitrators shall, instead of issuing an Award in the first instance, issue a tentative decision within such thirty (30) day period. The Parties may each file a response to the tentative decision within the ten (10) day period immediately following the date such decision is served on the Parties. In addition, at the request of any Party, the Arbitrators shall conduct a hearing on the tentative decision, which shall be held within the thirty (30) day period immediately following the service of the tentative decision or the earliest possible date thereafter that is mutually agreed to by the Parties and the Arbitrators. The Arbitrators shall then have twenty (20) additional days after such hearing, or twenty (20) days after the expiration of the time to file responses if no hearing is requested, to issue their final Award. The parties will take such actions as may be necessary or convenient to enable the Arbitrators to comply with the time periods set forth in this paragraph. The failure of the Arbitrators to comply with the time limits for issuing their Award shall not be grounds for any party to cancel, void, or withdraw from the Arbitration, and any tardily issued Award shall nevertheless be binding and effective. The Award shall be conclusive and binding, and it may be confirmed thereafter as a judgment by the Superior Court in Los Angeles, California, subject only to challenge on the grounds set forth in California Arbitration Provisions.

(k) Arbitration Confidentiality. The entire Arbitration process shall be confidential (including that the Parties are participating in Arbitration) and the privileges and protections of the JAMS Rules shall apply.

(l) Waiver of Rights. By agreeing to Arbitration as set forth in this Section 6, each Party acknowledges that it is waiving certain substantial rights and protections which otherwise may be available if a Dispute between the Parties were determined by litigation in a court, including the right to a trial by a judge or jury, an award of attorneys' fees, and certain rights of new trial, reconsideration, and appeal.

(m) Judicial Remedies. Either Party may petition the Superior Court in Los Angeles, California to confirm, enforce, and enter judgment on the Award or to vacate or correct the Award. In the event that litigation is commenced to confirm, enforce or enter judgment on an Award, or to vacate or correct an Award, the prevailing Party shall be entitled to recover reasonable attorneys' fees and costs whether or not such action proceeds to judgment. The court shall separately determine the prevailing party. The Parties hereby consent to the exclusive jurisdiction of the state and federal courts in Los Angeles County, California and to venue therein for any judicial proceeding to confirm, enforce, or enter judgment on the Award, or to vacate or correct the Award, or for any judicial proceeding on any cause of action excluded from the scope of Arbitration as set forth herein.

EXHIBIT 12

REPRESENTATIONS AND WARRANTIES OF SMMC AND THE COMPANY

As an inducement to Kaiser to enter into this Affiliation Agreement, each of SMMC and the Company, jointly and severally, hereby represents and warrants to Kaiser, as of the Effective Date, the following:

1. Organization and Good Standing. SMMC is a nonprofit public benefit corporation, duly organized, validly existing and in good standing under the Laws of the State of California, with full power and authority to conduct its business as it is now being conducted and to own or use the properties and assets that it purports to own or use. The Company is duly organized, validly existing and in good standing under the Laws of the State of California, with full power and authority to conduct its business as it is now being conducted and to own or use the properties and assets that it purports to own or use.

2. Validity; Authorization. Each of SMMC and the Company has the right, power, authority and capacity to execute and deliver this Affiliation Agreement and each other Definitive Document to which it is a party and to perform its obligations hereunder and thereunder, and such execution, delivery and performance have been duly authorized and approved by all requisite corporate actions of SMMC and the Company, as applicable. No other corporate actions on the part of SMMC or the Company is necessary to authorize the execution, delivery and performance of this Affiliation Agreement or the other Definitive Documents. Each Definitive Document to which SMMC or the Company is a party constitutes the legal, valid, and binding obligation of SMMC and the Company, enforceable against SMMC and the Company, as applicable, in accordance with its terms, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium or other Laws of general application affecting enforcement of creditors' rights, and as limited by general principles of equity that restrict the availability of equitable remedies.

3. No Violation. Neither the execution and delivery of any Definitive Document (to which it is a party) nor the consummation of or performance by SMMC and the Company under any Definitive Document (to which it is a party) will: (a) directly or indirectly (with or without notice or lapse of time) violate any of the Governing Documents of SMMC or the Company, as applicable; or (b) conflict with or result in a breach, violation or termination of, or acceleration of obligations under, or default under (or an event which, with notice or lapse of time or both would constitute a default), or require any action by (including any authorization, consent or approval) any Person (excluding any Governmental Authority), under any of the terms, conditions or provisions of any Contract entered into between SMMC or the Company and any other party or parties.

4. Tax Exempt Status. SMMC is recognized as exempt from federal income taxation under Section 501(a) of the Code as an organization described in Section 501(c)(3) of the Code and is not a "private foundation" within the meaning of Section 509(a) of the Code. SMMC has not received any notice of any action by the IRS that could reasonably be expected to result in the revocation or termination of its status as a tax-exempt organization.

5. Litigation. There is no action, suit, claim, proceeding, investigation, arbitration, judgment, injunction, rule, order or decree pending or, to the Knowledge of SMMC or the Company, threatened, against or affecting SMMC or the Company, the outcome of which, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect on the ability of SMMC or the Company to consummate transactions contemplated by this Affiliation Agreement.

EXHIBIT 13

REPRESENTATIONS AND WARRANTIES OF KFH AND KFHP

As an inducement to SMMC and the Company to enter into this Affiliation Agreement, each of KFH and KFHP, jointly and severally, hereby represents and warrants to SMMC and the Company, as of the Effective Date, the following:

1. Organization and Good Standing. Each of KFH and KFHP is duly organized, validly existing, and in good standing under the Laws of the States of California, with full power and authority to conduct each of their businesses as they are now being conducted, and to own or use the properties and assets that they purport to own or use.

2. Validity; Authorization. Each of KFH and KFHP has the right, power, authority, and capacity to execute and deliver this Affiliation Agreement and each other Definitive Document to which it is a party and to perform its obligations hereunder and thereunder, and such execution, delivery and performance have been duly authorized and approved by the appropriate governing body of each of KFH and KFHP, respectively. No other corporate actions on the part of KFH or KFHP are necessary to authorize the execution, delivery and performance of this Affiliation Agreement or the other Definitive Documents. This Affiliation Agreement and the other Definitive Documents constitute the legal, valid, and binding obligation of each of KFH and KFHP, to the extent that they are parties thereto, enforceable against each of KFH and KFHP in accordance with its terms, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium or other Laws of general application affecting enforcement of creditors' rights, and as limited by general principles of equity that restrict the availability of equitable remedies.

3. No Violation. Neither the execution and delivery of this Affiliation Agreement or the other Definitive Documents nor the consummation or performance by KFH or KFHP under this Affiliation Agreement or the other Definitive Documents to which it is a party will: (a) directly or indirectly (with or without notice or lapse of time) violate any of the Governing Documents of KFH or KFHP; or (b) conflict with or result in a breach, violation or termination of, or acceleration of obligations under, or default under (or an event which, with notice or lapse of time or both would constitute a default), or require any action by (including any authorization, consent or approval) any Person (excluding any Governmental Authority), under any of the terms, conditions or provisions of any Contract entered into between KFH or KFHP and any other party or parties.

4. Tax Exempt Status. Each of KFH and KFHP is recognized as exempt from federal income taxation under Section 501(a) of the Code as an organization described in Section 501(c)(3) of the Code and is not a "private foundation" within the meaning of Section 509(a) of the Code. Neither KFH nor KFHP has received a notice of any action by the IRS to revoke or terminate the charitable status of KFH or KFHP.

5. Litigation. There is no action, suit, claim, proceeding, investigation, arbitration, judgment, injunction, rule, order or decree pending or, to the Knowledge of KFH and KFHP, threatened, against or affecting KFH or KFHP, the outcome of which, individually or in the aggregate, would reasonably be expected to have a Material Adverse Effect on the ability of KFH or KFHP to consummate the Affiliation

EXHIBIT 14

INDEMNITY

(a) SMMC Indemnification.

(i) SMMC shall indemnify each of KFH and KFHP and each of their respective officers, directors, agents and employees to the extent allowed by Law from and against any and all demands, claims, losses, damages, liability, costs, expenses (including the payment of attorneys' fees and costs actually incurred, whether or not litigation is commenced), judgments or obligations, actions or causes of action whatsoever ("Losses") directly incurred by KFH or KFHP, in each case, to the extent arising from or in connection with:

(1) any inaccuracy in any of the representations or warranties made by SMMC in **Exhibit 12** of this Affiliation Agreement;

(2) any breach or nonfulfillment of any of the covenants, obligations or agreements made by SMMC in this Affiliation Agreement; and

(3) any claims made by or related to employees of SMMC or any of its Affiliates working at the Hospitals after the Effective Date.

(b) Kaiser Indemnification.

(i) Kaiser shall indemnify each of SMMC and the Company and each of their respective officers, managers, trustees, directors, corporate members, agents and employees to the extent allowed by Law, from and against any and all Losses directly incurred by SMMC or the Company, in each case, to the extent arising from or in connection with:

(1) any inaccuracy in any of the representations or warranties made by Kaiser in **Exhibit 13** of this Affiliation Agreement; and

(2) any breach or nonfulfillment of any of the covenants, obligations or agreements made by Kaiser in this Affiliation Agreement.

(c) Procedure for Indemnification.

(i) Promptly after receipt by any Person who or which is entitled to seek indemnification under sections (a) or (b) above (an "Indemnified Party") of notice of the assertion or the commencement of any claim, event or proceeding (each, a "Proceeding") with respect to any matter referred to in this section (c), the Indemnified Party shall give written notice thereof to the Person against whom or which such indemnification is being sought (the "Indemnifying Party"); provided, however, that failure of the Indemnified Party to give the Indemnifying Party notice as provided herein shall not relieve the Indemnifying Party of its obligations hereunder except to the extent that the Indemnifying Party is prejudiced thereby.

(ii) In case any Proceeding shall be commenced against any Indemnified Party by a third party, the Indemnifying Party shall be entitled to participate in such

Proceeding and, at its option, assume the defense thereof with its own counsel (to be reasonably satisfactory to the Indemnified Party), at the Indemnifying Party's sole expense, by providing written notice to the Indemnified Party delivered within thirty (30) days after the Indemnifying Party receives written notice of the assertion or commencement of such Proceeding. If the Indemnifying Party shall assume the defense of any Proceeding, the Indemnified Party shall be entitled to participate in any Proceeding at its expense. The Indemnifying Party shall not consent to the entry of a judgment with respect to the Proceeding or enter into any settlement that involves anything other than the payment of money by the Indemnified Party without the Indemnified Party's prior written consent (which shall not be unreasonably withheld, delayed or conditioned). Whether or not the Indemnifying Party assumes the defense of any Proceeding, the Indemnified Party shall not admit any liability with respect to, or settle, compromise or discharge, such Proceeding without the Indemnifying Party's prior written consent (which shall not be unreasonably withheld, delayed or conditioned). If a Proceeding is one of multiple Proceedings against an Indemnified Party, some of which may not be subject to the indemnity obligation under this **Exhibit 14**, the Indemnified Party shall solely control the defense, settlement, adjustment or compromise of the Proceeding(s) not subject to the indemnity obligation under this **Exhibit 14**. To the extent an Indemnifying Party is determined to be partially responsible under this **Exhibit 14** in a Proceeding, the Indemnifying Party's obligation to indemnify the other Party shall be proportionate to the Indemnifying Party's responsibility.

(iii) The Parties shall endeavor in good faith to resolve a claim for indemnification made pursuant to this **Exhibit 14**. If the Parties are unable to resolve such claim, they shall follow the dispute resolution procedures set forth in **Exhibit 9.1**.

(d) Cooperation of Parties. The Parties shall cooperate with each other in the investigation and disposition of any indemnification claim made pursuant to this **Exhibit 14**. Without limiting the foregoing, at all times an Indemnified Party shall act in accordance with the reasonable instructions of Indemnifying Party and must give Indemnifying Party such assistance as Indemnifying Party reasonably requests in connection with the Indemnifying Party's obligations under this **Exhibit 14**, provided that nothing shall require any Party to cooperate to its own legal detriment, to disclose any documents, records or communications that are protected from such disclosure under the peer review privilege, the attorney-client privilege or the attorney work-product doctrine or other rules governing such privileged materials.

(e) Limitations.

(i) No Party to this Agreement shall have any right to indemnification under this **Exhibit 14** until the aggregate amount of Losses incurred by such Party is at least Two Hundred Fifty Thousand Dollars ($250,000) (the "Basket"), at which point the Indemnifying Party shall be obligated to indemnify for only those Losses in excess of the Basket; provided, however, that the limitations set forth in this subsection (e)(i) shall not apply to Losses incurred as a result of the intentional misrepresentation, fraud, or willful misconduct of a Party.

(ii) The aggregate liability of any Party for indemnification claims made pursuant to this **Exhibit 14** shall not exceed an aggregate amount equal to Twenty Million Dollars ($20,000,000); provided, however, that the limitation set forth in this subsection (e)(ii) shall not

apply to Losses incurred as a result of the intentional misrepresentation, fraud, or willful misconduct of a Party.

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11 Cal. Code Reg. Section 999.5(d)(1)(C)

A statement of all of the reasons the board of directors of applicant believes that the proposed agreement or transaction is either necessary or desirable

SMMC's High Desert community is home to more than 420,000 people and is growing rapidly. It is also a community of great health need in Southern California and one that was devastated by the COVID-19 pandemic. In particular, Victorville, which is the largest city in the High Desert, has a 22.8 percent poverty rate and its residents include those that frequently experience health disparities. For many years, the Hospital has served as the cornerstone for acute care in the High Desert region, being the top acute care provider in the region in terms of quality and brand reputation, and most recently playing a pivotal role in caring endlessly for community members struck by the COVID-19 pandemic. The issue now, however, is that the Hospital's facility will not be compliant with California's seismic safety requirements that must be adhered to by 2030. The investment required to bring the Hospital to seismic compliance is financially and operationally significant and retrofitting the existing Hospital facility is not possible while continuing operations. Therefore, SMMC determined that for long-term sustainability, a new seismically compliant Hospital facility is necessary.

In 2007, SMMC purchased 98 acres in Victorville, California to build a seismically compliant, state-of-the art replacement facility for the Hospital and has repeatedly committed to the SMMC community that it would do so. The estimated cost to build the replacement facility, which will contain approximately 260 acute care beds, is over $900 million. The target date for completing the development of the new Hospital facility is 2026. Given SMMC's current financial position, SMMC determined that it needed to seek a financial partner to assist with building the new Hospital facility. By taking on a financial partner, SMMC could lower its capital burden for the development of the new Hospital facility and deploy scarce capital into other programs and initiatives where it is needed most. As an alternative to seeking a financial partner, SMMC considered undergoing the development of the new Hospital facility on its own, but concluded that doing so would create too large of a financial burden on SMMC and result in the deployment of far fewer resources to other SMMC programs and services in the upcoming years. SMMC also determined that, without a financial partner to develop a new Hospital facility, SMMC could be faced with the decision to divest the Hospital altogether. In light of the foregoing, SMMC determined that finding a financial partner to assist in developing the new Hospital facility was necessary to secure the Hospital's future.

In 2019, SMMC began its conversations with Kaiser Permanente regarding the proposed transaction and having Kaiser Permanente serve as the financial partner SMMC was looking for to build the replacement facility for the Hospital. After various discussions that occurred throughout 2019, SMMC determined that Kaiser Permanente would be a ideal partner for the Hospital based on a variety of factors, including, without limitation: (1) Kaiser Permanente's nonprofit status, (2) outstanding reputation for clinical quality and value-based care models, (3) shared goals and vision for caring for the poor and vulnerable members of the community, and (4) dedication to providing high-quality, affordable and innovative health care services to the patients it serves. Additionally, Kaiser Permanente does not operate an acute care hospital in the

High Desert region, and therefore the approximately 100,000 High Desert community Kaiser Permanente members have to travel over 40 miles for acute care. Having an immediate positive impact on access to acute care services for members of the High Desert community is another significant factor in SMMC's determination to pursue the Transaction with Kaiser Permanente. Based on the foregoing determinations, SMMC and Kaiser entered into a letter of intent relating to the Transaction on December 16, 2019 (the "Letter of Intent"). Attached to this Section 999.5(d)(1)(C) as **Exhibit 1** is a copy of the Letter of Intent.

Other pivotal terms for SMMC's pursuit of the Transaction included: (1) finding a partner that would invest in the Hospital on a minority, non-controlling basis, (2) ensuring SMMC maintained governance control and operational oversight over the Hospital, (3) ensuring the Hospital remained part of the PSJH system, (4) ensuring that the Hospital continued to operate in furtherance of its nonprofit mission and charitable purposes, and (5) ensuring that the employment status and benefits of any individual who currently provides services on behalf of the Hospital does not change as a result of the Transaction. The Transaction fully incorporates these core principles, as reflected in the definitive agreements for the Transaction described in Sections 999.5(d)(1)(A) and 999.5(d)(1)(B) of this Notice.

Exhibit 1 to Section 999.5(d)(1)(C)

LETTER OF INTENT

THIS LETTER OF INTENT (this "**Letter**") is made and entered into as of December 16, 2019 (the "**Effective Date**"), by and between **ST. MARY MEDICAL CENTER,** a California nonprofit public benefit corporation ("**ST. MARY**"), **KAISER FOUNDATION HEALTH PLAN, INC.,** a California nonprofit public benefit corporation ("**KFHP**"), **KAISER FOUNDATION HOSPITALS**, a California nonprofit public benefit corporation ("**KFH**" and, together with KFHP, "**KAISER**"), and **SOUTHERN CALIFORNIA PERMANENTE MEDICAL GROUP**, a California partnership ("**SCPMG**") (KFHP, KFH and SCPMG are collectively referred to herein as "**KP**"). ST. MARY and KP may be referred to herein individually as a "**Party**" and collectively as the "**Parties.**"

RECITALS

A. ST. MARY owns and operates an acute care hospital in Apple Valley, California ("**SMMC Hospital**") that is affiliated with a Catholic-sponsored integrated healthcare system, meeting the healthcare needs of the communities it serves through compassionate service for over 150 years. ST. MARY and its affiliates maintain hospitals, clinics, other healthcare services and related programs in Alaska, Washington, Montana, Oregon, Texas and California.

B. KFHP operates health care benefit plans and provides or arranges for the provision of medically necessary health care services, including by agreement with KFH, under which KFH agrees to provide or arrange for certain hospital or facility services for KFHP's members and others, and by agreement with SCPMG, under which SCPMG agrees to provide or arrange for certain professional inpatient and outpatient services for KFHP's members and others.

C. The Parties share common and unifying charitable missions to promote and improve health care delivery and the health care status of the communities they serve, to provide high quality, affordable health care and related services; and to address the special needs of the poor and the vulnerable in those communities.

D. ST. MARY and KP share compatible visions for the future of healthcare in the United States. Based on this common understanding, and a desire to serve their communities, the Parties have discussed a possible joint venture involving ownership and development of a new hospital facility in the High Desert region of Southern California, which for purposes of this Letter shall be defined as that geographic area encompassed within a twenty (20) mile radius of SMMC Hospital (the "**High Desert**") through development of a joint operating company ("**LLC**") or other structure (the "**Proposed Joint Venture**").

NOW, THEREFORE, in consideration of the mutual promises and covenants contained in this Letter, the Parties agree as follows:

1. **Proposed Joint Venture**. The Parties intend that the principal terms of the Proposed Joint Venture, which may be subsequently mutually agreed upon and, if agreed to, memorialized in the Definitive Agreements (as hereinafter defined), will reflect the discussions of the Parties as described in more detail in the attached outline of terms set forth on Exhibit A, attached hereto.

2. **Commitment to Poor and Vulnerable**. The Parties share a special commitment to meeting the needs of the communities they respectively serve, with special attention to the poor and vulnerable. Each Party has a long history of meeting those needs in a variety of ways. The Definitive Agreements will include terms and conditions that address the continuation of that shared commitment and mission.

3. **Term and Termination of Letter**.

(a) **Term**. The term of this Letter shall commence on the Effective Date and shall continue in full force and effect for 210 days, and thereafter may be renewed by mutual written agreement of the Parties for additional sixty (60) day periods (collectively, the "**Term**"). This Letter may be earlier terminated on: (i) the date on which it is superseded by the Definitive Agreements; or (ii) the date of termination pursuant to Section 3(b) hereof.

(b) **Termination of Letter**. After the initial 210 day Term, this Letter may be terminated by either Party upon at least 30 day prior written notice to the other or by the mutual agreement of the Parties, at any time, with or without cause, without any obligation or liability, except for the obligations of the Parties under Sections 4, 8, 10 and 12. Notice of any such termination shall be provided in writing consistent with the notice provisions set forth at Section 16.

4. **Confidentiality**. Certain affiliates and related entities of the Parties previously entered into that Mutual Non-Disclosure Agreement, effective October 8, 2018 (the "**Nondisclosure Agreement**"). The terms and conditions of the Nondisclosure Agreement are hereby incorporated herein by reference as to all Parties, remain in full force and effect and shall survive any termination of this Letter in accordance with its terms.

5. **Exclusivity**. During the Term, neither Party nor its affiliates shall, without the prior written consent of the other Party, explore, meet, discuss, negotiate, directly or indirectly, or enter into an agreement with any third party for the purpose of discussing, organizing, formulating, designing, developing, investing in or implementing an arrangement that could lead to a business relationship similar in type and location to the Proposed Joint Venture contemplated hereunder, or any transaction or arrangement that could reasonably be considered to have negative effect on the feasibility of or the ability of a Party to negotiate and consummate the Proposed Joint Venture.

6. **Due Diligence**. To assist the Parties in evaluating the Proposed Joint Venture, and how best it may be implemented, each Party shall grant to the other Party, and the other Party's representatives, reasonable access to its books and records that are relevant to the Proposed Joint Venture in accordance with mutually agreeable procedures. Each Party shall conduct due diligence in a manner which is as least disruptive as possible to the normal business operations of the other Party.

7. **Entire Agreement; Amendment**. This Letter together with the Nondisclosure Agreement constitute the entire understanding and agreement between the Parties with respect to the subject matter hereof and any prior and contemporaneous agreements or understandings, whether written or unwritten, are deemed to be superseded hereby. No modification, waiver or amendment of this Letter shall be binding upon any of the Parties unless it is in a writing signed by both Parties.

8. **Governing Law**. This Letter shall be governed by, and construed in accordance with, the laws of the State of California.

9. **Successors and Assigns; Waiver.** The binding provisions of this Letter shall be binding upon the Parties and their respective successors and assigns. This Letter may not be assigned by either Party without the other Party's prior written consent. No failure or delay by either Party in exercising any right under this Letter shall operate as a waiver of such right by that Party.

10. **Expenses**. Each Party shall pay its respective expenses incident to the negotiations, due diligence and the preparation of the Definitive Agreements relating to the Proposed Joint Venture.

11. **Counterparts**. This Letter may be executed in two (2) counterparts, each of which shall be deemed an original but both of which together shall constitute one and the same instrument. Electronic and facsimile signatures shall be deemed original signatures.

12. **Public Announcement**. Each Party shall consult with the other Party before it or its affiliates issues or makes any public announcements, reports, statements or releases with respect to this Letter or the Proposed Joint Venture, and each Party shall obtain the other Party's written approval to make any such public announcements, reports, statements or releases and for the text of any public announcement, report, statement or release to be made on behalf of such Party or its affiliates. If a Party is unable to obtain the approval of its public announcement, statement or release from the other Party and such announcement, statement or release is, in the opinion of legal counsel, required to discharge the Party's legal obligations, then such Party may make or issue the legally required announcement, statement or release and shall promptly furnish the other Party with a copy.

13. **Effect of Letter**.

(a) It is understood and agreed that this Letter is intended to be, and shall be construed only as a summary of the anticipated terms of the Proposed Joint Venture based on discussions between the Parties to the date hereof and not as, or an obligation to negotiate or enter into, a binding, definitive agreement of the terms and conditions of the transactions contemplated herein, and that no Party shall be entitled to any recourse, in the form of damages, or otherwise, for expenses incurred or benefits conferred or lost before or after the date of this Letter in the event that there is a failure, for any reason, of the Parties to agree to the Definitive Agreements or to consummate the Proposed Joint Venture. Notwithstanding the preceding or anything else to the contrary, Sections 3 through 16 hereof shall be binding on the Parties immediately and shall be binding upon the Parties regardless of whether the transactions contemplated herein are ultimately consummated.

(b) Except as otherwise stated herein, any legal rights and obligations of a Party will result only upon: (i) successful completion of each Party's due diligence review to that Party's satisfaction; (ii) the execution of a definitive written LLC agreement for operation of the LLC together with all agreements ancillary thereto, which agreements shall contain, among other things, such covenants, conditions, representations and warranties and other provisions customarily found in such an agreement (the "**Definitive Agreements**"); (iii) each Party obtaining all required approvals of the Definitive Agreements by its governing body

and other third parties required to consummate the transactions described therein; (iv) receipt of all internal corporate and sponsor approvals; (v) receipt of all necessary Canonical approvals as the Parties shall agree are conditions precedent to the Closing; and (vi) the Parties' obtaining any and all required governmental and regulatory approvals of the transactions, including the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act, if applicable. The definitive terms and conditions of the transactions will be as set forth in the Definitive Agreements, into which this Letter and all prior discussions shall merge upon execution thereof by the Parties.

14. **Severability**. If any covenant or provision hereof is determined to be void or unenforceable in whole or in part, it shall not be deemed to affect or impair the validity of any other covenant or provision, each of which shall be separate and distinct. If any provision of this Letter is so broad as to be unenforceable, such provision shall be interpreted to be only as broad as is enforceable. If any provision of this Letter is declared invalid or unenforceable for any reason other than over breadth, the offending provision will be modified so as to maintain the essential benefits of the bargain between the Parties to the maximum extent possible, consistent with law and public policy.

15. **Third Party Beneficiary**. None of the provisions contained in this Letter are intended by the Parties, nor shall they be deemed, to confer any benefit on any person not a party to this Letter, except as otherwise expressly provided herein.

16. **Notices**. All notices required or permitted hereunder shall be in writing and shall be served on the parties at the addresses set forth below. Any such notices shall be either: (a) sent by overnight delivery using a nationally recognized overnight courier, in which case notice shall be deemed delivered one business day after deposit with such courier; or (b) sent by personal delivery, in which case notice shall be deemed delivered upon receipt. A Party's address may be changed by written notice to the other Party; provided, however, that no notice of a change of address shall be effective until actual receipt of such notice.

To KP:

Julie Miller-Phipps
Southern California Regional President
Kaiser Foundation Hospitals & Health Plan
393 East Walnut Street
Pasadena, CA 91188

and

Edward Ellison, M.D.
Executive Medical Director
Southern California Permanente Medical Group
393 East Walnut Street
Pasadena, CA 91188

With copy to:

Jalena Bingham, Esq.
Vice President and Assistant General Counsel
Kaiser Foundation Hospitals & Health Plan
1 Kaiser Plaza, 1922 Bayside|

Oakland, CA 94612

and

Bridget Davis, Esq.
Counsel, Southern California Permanente Medical Group
393 East Walnut Street
Pasadena, CA 91188

To ST. MARY:

Erik G. Wexler
Executive Vice President PSJH and Chief Executive PSJH Southern California
3345 Michelson Drive, Suite 100
Irvine, CA 92612

With copy to:

Alitha Leon Jenkins, Esq.
Senior Corporate Counsel
800 Fifth Avenue, Suite 1200
Seattle, WA 98104

[Signatures appear on the following page.

Remainder of page is intentionally blank.]

IN WITNESS WHEREOF, the Parties have executed this Letter to be effective as of the Effective Date.

KAISER FOUNDATION HEALTH PLAN, INC.

By: _____

Name: Julie K. Miller-Phipps

Its: Southern California Regional President

ST. MARY MEDICAL CENTER

By: COVENANT HEALTH NETWORK, INC.

Its: Member

[redacted]

Name: Erik G. Wexler

Its: President

KAISER FOUNDATION HOSPITALS

By: _____

Name: Julie K. Miller-Phipps

Its: Southern California Regional President

SOUTHERN CALIFORNIA PERMANENTE MEDICAL GROUP

By: _____

Name: Edward M. Ellison, M.D.

Its: Executive Medical Director

IN WITNESS WHEREOF, the Parties have executed this Letter to be effective as of the Effective Date.

KAISER FOUNDATION HEALTH PLAN, INC.

[redacted]

Name: June K. Miller-Phipps

Its: Southern California Regional President

ST. MARY MEDICAL CENTER

By: COVENANT HEALTH NETWORK, INC.

Its: Member

Name: Erik G. Wexler

Its: President

KAISER FOUNDATION HOSPITALS

[redacted]

Name: June K. Miller-Phipps

Its: Southern California Regional President

SOUTHERN CALIFORNIA PERMANENTE MEDICAL GROUP

[redacted]

Name: Edward M. Ellison, M.D.

Its: Executive Medical Director

EXHIBIT A
Proposed Joint Venture – Outline of Key Terms

This outline discusses the key terms of a potential joint venture relationship between St. Mary Medical Center ("**SMMC**") and Kaiser Foundation Health Plan and Kaiser Foundation Hospitals (together "**Kaiser**") and Southern California Permanente Medical Group (collectively with Kaiser, Kaiser Permanente ("**KP**")), anticipated to be set forth in the following documents, among others, as determined by the parties: an Affiliation Agreement, setting forth the principal terms and conditions of the parties' collaboration; an LLC Operating Agreement, setting forth the corporate structure, governance and customary financial elements of the LLC; and a Health Care Services Agreement, setting forth the terms and conditions pursuant to which the LLC will provide health care services to KP. Capitalized terms not defined in this Exhibit A have the meanings given to them in the Letter of Intent.

A. Purposes

1. SMMC and KP will collaborate on strategy, marketing and development of SMMC that will, among other things:

   (a) expand access to care for all populations in the High Desert and surrounds;

   (b) improve quality outcomes through reduced variation in care and expanded access to specialists;

   (c) provide service excellence through patient-centered care models and programs; and

   (d) improve affordability for KFHP members and the community as a whole through selective and strategic investment in new technology, reduction in the duplication of services, and improved care coordination.

2. Through the joint venture, the parties will jointly invest in a replacement hospital facility and ongoing operations at a new location in the High Desert ("**New Hospital**").

3. Kaiser expects to acquire a minority interest in a newly formed LLC, currently estimated to be a 25-30% membership interest in the LLC, in return for a commensurate commitment of capital to be used for construction of the New Hospital, subject to a fair market valuation taking into account all related contributed assets (including the land) and construction costs. The parties will determine the appropriate percentage membership interest and the associated member contribution will be reflected in the Affiliation Agreement.

4. The New Hospital will be operated in accordance with Providence St. Joseph Health's ("**PSJH**") Mission and Core Values and will be a Catholic-sponsored ministry and SMMC will be responsible for obtaining all necessary approvals relating to religious sponsorship and, if necessary, Canonical approvals, pursuant to a timeframe as agreed to by the parties.

B. Form of Legal Entity

1. The working assumption is for the joint venture to be created as a California (charitable) Limited Liability Company. The LLC will be formed by and held initially by SMMC who will be responsible for its establishment. Any costs or expenses of securing regulatory approvals, tax-exempt status, permitting, or similar will be expenses of the LLC. SMMC and Kaiser will agree on the terms of the Operating Agreement of the LLC prior to its creation.

2. The LLC Operating Agreement will contain those terms as identified by the IRS as necessary to preserve the charitable tax-exempt nature of the joint venture activity. SMMC will take such steps as are needed to secure charitable tax-exempt status for the LLC.

C. Term

1. The joint venture will survive in perpetuity, with specific exceptions, unwind provisions, and dissolution triggers to be mutually agreed upon and set forth in the Definitive Agreements.

D. Capital Contributions to Joint Venture

1. SMMC and Kaiser expect to contribute capital and other assets to the LLC as needed based on their respective percentage interests in the joint venture pursuant to a plan of financing as agreed to by the parties.

   (a) SMMC is expected to contribute substantially all of the operating assets (including all physical assets) of the SMMC Hospital as mutually agreed and all associated activities to the LLC, including but not limited to the current facility licenses, all real and tangible property whether owned or leased, all intangible property including trade names, goodwill, working capital, and any and all other assets necessary for facility operation. SMMC will assign or arrange for its or its affiliate(s)' employees to serve at the LLC, whether by direct employment, by lease or by such other means as may be deemed suitable by the parties. SMMC is also expected to arrange for its share of capital required for the construction of the new facility to be provided to the LLC through PSJH. All such decisions will be subject to mutual determination of fair market value.

   (b) Kaiser is expected to contribute cash to the LLC for its share of the capital.

2. Kaiser and SMMC will likely also enter into an Affiliation Agreement that includes certain representations, warranties and other terms regarding the capital and assets being contributed to the LLC. Whether the provisions in this Letter are reflected in the Affiliation Agreement or in the Operating Agreement of the LLC will be determined mutually by Kaiser and SMMC.

E. Allocation of Surpluses/Losses

1. The surplus or losses of the LLC will be allocated between the members of the LLC in accordance with their respective percentage membership interests in the LLC.

2. Distributions will be made pursuant to the requirements of the LLC's Operating Agreement regarding determination of cash available for distribution, with the expectation that the LLC will be self-sustaining and able to meet its ongoing working capital and routine capital requirements from the LLC's cash flows alone. SMMC and Kaiser will also negotiate terms for addressing unusual capital requirements and the effect of future capital calls on each member's percentage membership interest should they be necessary.

F. Governance/Management

1. SMMC will continue to be a Catholic-sponsored ministry. Accordingly, as a member of the LLC SMMC will have reserved powers regarding matters pertaining to the Catholic identity of SMMC and the LLC's compliance with the Ethical and Religious Directives for Catholic Health Care Services, as they are amended from time to time ("**ERDs**").

2. SMMC will have the primary responsibility for day-to-day management of the New Hospital in accordance with the directions of the Board of the LLC and a written management services agreement between SMMC and the LLC on fair and reasonable terms, subject to certain material decisions or actions that will require approval by both members of the LLC. Examples of actions that may require joint approval of both members, to be further discussed, include but are not limited to the following:

(a) Capital and operating budgets of the Proposed Joint Venture;

(b) Strategic plans of the Proposed Joint Venture;

(c) Significant capital expenditures of the Proposed Joint Venture above a certain dollar threshold (including material changes in the construction project of the New Hospital);

(d) Material borrowings/debt related to the Proposed Joint Venture;

(e) Litigation related to the Proposed Joint Venture;

(f) Sales of material assets, restructuring, or dissolution of the Proposed Joint Venture;

(g) Selection, appointment and removal of certain senior management positions of the LLC, including but not limited to the Chief Executive Officer;

(h) Exceptions to applicable non-compete provisions set forth in the Definitive Agreements;

(i) Certain quality oversight decisions related to the Proposed Joint Venture;

(j) Decisions regarding distributions, subject also to Section E(2) above; and

(k) Marketing/branding of the Proposed Joint Venture, as further described in Section J(2) below.

3. SMMC and Kaiser will agree upon the composition and authority of the Board of the LLC and identify and address issues related to the fiduciary duties of individuals who sit on the Board of the LLC. It is expected that members will have representation on the Board of the LLC commensurate with a member's ownership interest.

4. SMMC and KP will establish and agree upon the composition of a Joint Operating Committee, with an equal number of individuals to be appointed by each member, that will be a committee of the Board of the LLC vested with final authority from the Board to address and determine, consistent with 42 C.F.R. s. 482.12, all matters with respect to oversight of the clinical operations of the New Hospital, with applicable processes and dispute resolution procedures to be set forth in the Definitive Agreements. The Joint Operating Committee shall also serve in a general advisory role relative to operations in support of SMMC's primary responsibility to operate the New Hospital.

5. Operationally.

(a) SMMC will continue to utilize PSJH payor contracts and will be solely responsible for their negotiation.

(b) Employees at the New Hospital will continue to be employed by PSJH and all employee benefit plans will be the sole responsibility of SMMC or PSJH with costs allocated to the LLC.

G. Medical Networks and Tertiary/Quaternary Services

1. SMMC and KP will continue to control and operate their medical networks independently of one another, but they will explore opportunities to collaborate within the SMMC service area.

H. Development Process

1. The LLC Operating Agreement will contain provisions that will address the operation of the Proposed Joint Venture during the period prior to the full operation of the New Hospital as well as providing for adjustments to any current services agreement(s) between the parties.

I. Health Care Services Agreement (HCSA)

1. The parties will simultaneously enter into a non-exclusive agreement for the provision of health care services to members of KFHP by the LLC. The HCSA will be coterminous with the Affiliation Agreement. The HCSA will establish the New Hospital as a "Plan Hospital" in the KP network.

2. The HCSA will set forth a reimbursement structure for the LLC that will reflect a standard discount of approximately 20-30% from the average commercial reimbursement received by SMMC or the LLC, as applicable over time, from its largest commercial payers, excluding KP, that account for at least 80% of SMMC's or the LLC's total commercial revenue, excluding KP. Reimbursement for any services provided for KP Medicare Advantage or Medi-Cal members will be paid at their respective fee schedules as published.

3. Rates will be adjusted and rebased on a periodic basis following a mechanism to be developed by the members that acknowledges and tracks to the discount described above and overall hospital financial performance.

4. The HCSA will provide for mutually agreeable adjustments to the current services agreement(s) between the parties for services at SMMC Hospital, including but not limited to the services and rates for the period after the parties' agreement to the Definitive Agreements and prior to the commencement of operations of the New Hospital.

5. The parties will also negotiate appropriate terms to ensure SCPMG physicians full privileges at the hospital pursuant to standard credentialing processes. The parties will also negotiate additional provisions for SCPMG physicians to fairly engage in broader functions including, but not limited to care management, utilization management, and potentially staffing aspects of hospital-based functions including but not limited to hospitalists, radiology, pathology and emergency room services.

J. Other Key Terms

1. The LLC Operating Agreement will contain other reasonable terms and conditions customary for joint ventures created for similar purposes, such as terms pertaining to:

   (a) Transfer of interests in the LLC, including but not limited to rights of first refusal between the parties, as mutually agreed;

   (b) Deadlock/dispute resolution;

   (c) Addition of other members to the LLC; and

   (d) Options regarding failure to pay any required capital contributions, assessments or cash payments.

2. SMMC and Kaiser will develop mutually agreeable branding and co-branding guidelines for the LLC, the New Hospital, and matters related to the affiliation contemplated by the Letter.

3. This Outline is not intended to be all-inclusive or to restrict the ultimate agreements reached by the parties to the Definitive Agreements.

11 Cal. Code Reg. Section 999.5(d)(2)

FAIR MARKET VALUE

#4

11 Cal. Code Reg. Section 999.5(d)(2)(A)

The estimated market value of all cash, property, stock, notes, assumption or forgiveness of debt, and any other thing of value that the applicant would receive for each health facility or facility that provides similar health care covered by the proposed agreement or transaction

Based on the Hospital Business Valuation (as defined in Section 999.5(d)(2)(C)), SMMC determined that the fair market value of the Hospital Business to be contributed by SMMC to the LLC under the Contribution Agreement is Fifty Million Dollars ($50,000,000).

Based on the New Hospital Land Valuation (as defined in Section 999.5(d)(2)(C)), SMMC determined that the fair market value of the New Hospital Land to be contributed by SMMC to the LLC under the Contribution Agreement is Ten Million Dollars ($10,000,000).

Therefore, SMMC determined that the total fair market value of the Hospital Business and the New Hospital Land to be contributed by SMMC to the LLC is Sixty Million Dollars ($60,000,000).

#5

11 Cal. Code Reg. Section 999.5(d)(2)(B)

The estimated market value of each health facility, facility that provides similar health care or other asset to be sold or transferred by the applicant under the proposed agreement or transaction

The only health facility that will be transferred in connection with the Transaction is the Hospital. Please see Sections 999.5(d)(2)(A) and 999.5(d)(2)(C) of this Notice for information regarding the fair market value of the Hospital Business and the New Hospital Land to be transferred by SMMC to the LLC in connection with the Transaction.

#6

11 Cal. Code Reg. Section 999.5(d)(2)(C)

A description of the methods used by the applicant to determine the market value of any assets involved in the proposed agreement or transaction. This description shall include a description of the efforts made by the applicant to sell or transfer each health facility or facility that provides similar health care that is the subject of the proposed agreement or transaction

In determining the fair market value of the Hospital Business to be contributed by SMMC to the LLC, SMMC obtained an appraisal of the Hospital Business from an independent third party valuation firm (the "Hospital Business Valuation"). SMMC is requesting confidential treatment of the Hospital Business Valuation and is submitting a copy thereof to the California Attorney General under separate cover in accordance with Section 999.5(c)(3).

In determining the fair market value of the New Hospital Land to be contributed by SMMC to the LLC, SMMC obtained an appraisal of the New Hospital Land from an independent third party valuation firm ("New Hospital Land Valuation"). SMMC is requesting confidential treatment of the New Hospital Land Valuation and is submitting a copy thereof to the California Attorney General under separate cover in accordance with Section 999.5(c)(3).

#7

11 Cal. Code Reg. Section 999.5(d)(2)(D)

Reports, analysis, Requests for Proposal, and any other documents that refer or relate to the valuation of any asset involved in the agreement or transaction

See the responses to Sections 999.5(d)(2)(A), 999.5(d)(2)(B) and 999.5(d)(2)(C) of this Notice and related exhibits for information regarding the reports, analysis and other documentation relating to the valuation of the assets to be contributed by SMMC to the LLC in connection with the Transaction.

#8

11 Cal. Code Reg. Section 999.5(d)(2)(E)

For joint venture transactions, all asset contribution agreements and related valuations, all limited liability corporation or limited liability partnership operating agreements, management contracts, and put option agreements

See the responses to Sections 999.5(d)(1)(A), 999.5(d)(1)(B), 999.5(d)(2)(A), 999.5(d)(2)(B), 999.5(d)(2)(C) and 999.5(d)(2)(D) of this Notice and related exhibits for information regarding the definitive agreements and valuations pertaining to the Transaction.

11 Cal. Code Reg. Section 999.5(d)(3)

INUREMENT AND SELF-DEALING

#9

11 Cal. Code Reg. Section 999.5(d)(3)(A)

Copies of any documents or writings of any kind that relate or refer to any personal financial benefit that a proposed affiliation between applicant and the transferee would confer on any officer, director, employee, doctor, medical group or other entity affiliated with applicant or any family member of any such person as identified in Corporations Code section 5227(b)(2)

The Transaction does not confer any personal financial benefit on any of the individuals and/or entities described in California Code of Regulations, Title 11, Section 999.5(d)(3)(A).

#10

11 Cal. Code Reg. Section 999.5(d)(3)(B)

The identity of each and every officer, trustee or director of applicant (or any family member of such persons as identified in Corporations Code section 5227(b)(2)) or any affiliate of applicant who or which has any personal financial interest in any company, firm, partnership, or business entity (other than salary and directors/trustees' fees) currently doing business with applicant, any affiliate of applicant, or the transferee or any affiliate of the transferee

None of the individuals described in Title 11, California Code of Regulations, Section 999.5(d)(3)(B) have any personal financial interest (other than salary and/or directors/trustees' fees) in any company, firm, partnership or business entity currently doing business with SMMC, any affiliate of SMMC, the LLC, or any affiliate of the LLC.

#11

11 Cal. Code Reg. Section 999.5(d)(3)(C)

A statement describing how the board of directors of the nonprofit corporations involved in the transaction are complying with the provisions of Health and Safety Code sections 1260 and 1260.1

In compliance with California Health and Safety Code sections 1260 and 1260.1, no member of the SMMC Board of Directors ("SMMC Board") negotiated the Transaction. Accordingly, none of the SMMC Board members referenced in Section 999.5(d)(3)(B) of this Notice who will receive, directly or indirectly, any salary, stipend, compensation or other form of remuneration from SMMC or the LLC following the closing of the Transaction negotiated the Transaction.

In addition, no member of SMMC management negotiated the Transaction. Rather, the Transaction was negotiated on behalf of SMMC by the following members of Providence St. Joseph Health's higher management team: (1) Providence St. Joseph Health Chief Executive, Southern California Region; (2) Providence St. Joseph Health Chief Strategy Officer, Southern Regions; (3) Providence St. Joseph Health Chief Operating Officer, Southern California Region; and (4) Providence St. Joseph Health Finance Director, Southern California Region. None of the foregoing individuals are members of SMMC's management team nor will any of them receive, directly or indirectly, any salary, stipend, compensation or other form of remuneration from SMMC or the LLC following the closing of the Transaction.

11 Cal. Code Reg. Section 999.5(d)(4)

CHARITABLE USE OF ASSETS

#12

11 Cal. Code Reg. Section 999.5(d)(4)(A)

Applicant's articles of incorporation and all amendments thereto and current bylaws, any charitable trust restrictions, and any other information necessary to define the charitable trust purpose of the applicant' assets

1. Attached to this Section 999.5(d)(4)(A) as **Exhibit 1** is a copy of SMMC's Articles of Incorporation.

2. Attached to this Section 999.5(d)(4)(A) as **Exhibit 2** is a copy of SMMC's Bylaws.

Exhibit 1 to Section 999.5(d)(4)(A)

A0540044

State of California

OFFICE OF THE SECRETARY OF STATE

SECRETARY OF STATE

I, *BILL JONES*, Secretary of State of the State of California, hereby certify:

That the attached transcript of 1 page(s) has been compared with the record on file in this office, of which it purports to be a copy, and that it is full, true and correct.

THE GREAT SEAL OF THE STATE OF CALIFORNIA EUREKA

IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this day of

FEB 2 9 2000

Bill Jones

Secretary of State

Sec/State Form CE-107 (rev. 9/98)

OSP 98 13524

A0540044

ENDORSED - FILED
In the office of the Secretary of State
of the State of California

JAN 24 2000

BILL JONES, Secretary of State

CERTIFICATE OF AMENDMENT OF ARTICLES OF INCORPORATION OF ST. MARY REGIONAL MEDICAL CENTER

Catherine M. Pelley and Sister Sharon Becker certify that:

1. They are the President and Secretary, respectively, of ST. MARY REGIONAL MEDICAL CENTER, a California nonprofit public benefit corporation.

2. The Articles of Incorporation of said corporation shall be amended by revising Article I to read in full as follows:

"ARTICLE I

NAME

The name of this corporation shall be ST. MARY MEDICAL CENTER".

3. The foregoing amendment of Articles of Incorporation has been duly approved by the Board of Trustees.

4. The foregoing amendment of Articles of Incorporation has been duly approved by the required vote of members.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in the Certificate are true and correct of our own knowledge.

Dated: 12-14-99

Catherine M. Pelley, President

Sister Sharon Becker, Secretary

OFFICE OF THE SECRETARY OF STATE

A0511885

State of California

SECRETARY OF STATE

1 Page

I, *BILL JONES*, Secretary of State of the State of California, hereby certify:

That the attached transcript has been compared with the record on file in this office, of which it purports to be a copy, and that it is full, true and correct.

IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this

JUL 28 1998

Secretary of State

SEC/STATE FORM CE-107 (REV. 4/97)

A0511885

ENDORSED
FILED
in the office of the
Secretary of State
of the State of California

JUL 28 1998

BILL JONES, Secretary of State

CERTIFICATE OF AMENDMENT
OF
ARTICLES OF INCORPORATION
OF
ST. MARY DESERT VALLEY HOSPITAL

Catherine M. Pelley and Sister Sharon Becker certify that:

1. They are the President and Secretary, respectively, of ST. MARY DESERT VALLEY HOSPITAL, a California nonprofit public benefit corporation.

2. The Articles of Incorporation of said corporation shall be amended by revising Article I to read in full as follows:

"ARTICLE I
NAME

The name of this corporation shall be ST. MARY REGIONAL MEDICAL CENTER."

3. The foregoing amendment of Articles of Incorporation has been duly approved by the Board of Trustees.

4. The foregoing amendment of Articles of Incorporation has been duly approved by the required vote of members.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in the Certificate are true and correct of our own knowledge.

Dated: May 27 1998

Catherine M. Pelley
Catherine M. Pelley, President

Sister Sharon Becker
Sister Sharon Becker, Secretary

OFFICE OF THE SECRETARY OF STATE

A425467

State of California

OFFICE OF THE SECRETARY OF STATE

CORPORATION DIVISION

I, *MARCH FONG EU*, Secretary of State of the State of California, hereby certify:

That the annexed transcript has been compared with the corporate record on file in this office, of which it purports to be a copy, and that same is full, true and correct.

IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this

NOV 3 0 1992

March Fong Eu

Secretary of State

A425467

ENDORSED
FILED
In the office of the Secretary of State
of the State of California

NOV 30 1992

MARCH FONG EU, Secretary of State

**CERTIFICATE OF AMENDMENT
OF ARTICLES OF INCORPORATION OF
ST. MARY DESERT VALLEY HOSPITAL**

MICHAEL E. MARKLEY and FRANCES B. COLEMAN certify that:

1. They are the President and the Secretary, respectively, of ST. MARY DESERT VALLEY HOSPITAL, a California corporation.

2. The Articles of Incorporation of this corporation are amended and restated to read in full as set forth in Exhibit "A" attached hereto.

3. The amendment and restatement of Articles of Incorporation was duly adopted by unanimous written consent of the Board of Trustees on November 6, 1992.

4. The amendment and restatement of Articles of Incorporation was duly adopted by unanimous written consent of the Corporate Members on November 2, 1992.

We further declare under penalty of perjury under the laws of the State of California that the matters set forth in this Certificate are true and correct of our own knowledge.

Dated: November 19, 1992

MICHAEL E. MARKLEY
President

FRANCES B. COLEMAN
Secretary

Exhibit "A"

RESTATED ARTICLES OF INCORPORATION OF ST. MARY DESERT VALLEY HOSPITAL

ARTICLE I

NAME

The name of this Corporation is St. Mary Desert Valley Hospital.

ARTICLE II

ORGANIZATION

This Corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Public Benefit Corporation Law for public and charitable purposes.

This Corporation is also organized for such religious purposes as are described more fully below.

ARTICLE III

PURPOSES

The purposes for which this Corporation is formed are:

1. To establish, build, acquire, own, support, equip, maintain, conduct, manage and operate hospitals, clinics, skilled nursing facilities or the equivalent, old age homes or other medical centers in the state of California, to furnish, supply and administer medical care, attention and service, and medical and surgical treatment of every kind and character, and to receive, treat and care for patients, invalids, the aged and infirm, and generally to conduct and carry on, and to do all things necessary or advisable in conducting and carrying on such medical activities.

2. To perform and to foster and support acts of Christian charity, particularly among the sick and ailing, to practice, foster and encourage religious beliefs and activities, to house and care for unprotected and indigent sick, aged and infirm persons regardless of nationality, race, creed, sex or age.

3. To lease or purchase any real estate, or to lease, construct or purchase any or all buildings or furnishings or equipment, which may be necessary, proper or useful in carrying

out the purposes, or for the benefit of the hospital, or as may be deemed to be conducive to the welfare of this Corporation.

4. To have, own, take, receive and hold by gift, devise, bequest or endowment, such real or personal property as may be necessary, useful or advantageous in the carrying out of the general purposes, or for the benefit of the hospital, or as may be deemed to be conducive to the welfare of this Corporation.

5. To acquire by purchase, and to hold or improve, develop, sell, lease, mortgage, encumber, convey or otherwise dispose of and deal in any and all kinds of real and personal property, or any right, title or interest, hereditament, tenement or privilege herein, including water and water rights, and stocks and bonds, securities, notes or commercial paper of corporations, firms or individuals, insofar as the same may be necessary, convenient or advantageous to the carrying out of the general purposes, or for the benefit of the hospital, or as may be deemed to be conducive to the welfare of this Corporation.

6. To create bonded indebtedness, and to borrow or loan money upon any and all kinds of property, securities, obligations or indebtedness, and to execute and to issue corporate notes, bonds or other evidences of the indebtedness therefor; to execute mortgages and deeds of trust and other evidences of security upon the Corporation's property, either real or personal, as security for notes or bonds, or other evidences of indebtedness of other persons, firms or corporations.

7. To aid and assist the St. Joseph Health System.

8. Generally, to do all acts and things which may be necessary, proper, useful or advantageous to the full carrying out of the purposes of this Corporation, as herein set out, and all objects, purposes and powers specified in each of the classes and paragraphs herein shall be regarded but not abridged by any of the objects, powers and purposes herein set forth.

9. No part of the net earnings of the Corporation shall inure to the benefit of, or be distributable to its Members, Trustees, Officers or other private persons, except that the Corporation shall be authorized and empowered to pay reasonable compensation for services rendered and to make payments and distributions in furtherance of the purposes set forth above. No substantial part of the activities of the Corporation shall be the carrying on of propaganda, or otherwise attempting to influence legislation, and the Corporation shall not participate or intervene in (including the publishing or distribution of statements) any political campaign on behalf of any candidate for public office.

10. Notwithstanding any other provisions of these Articles, this Corporation shall not, except to an insubstantial

degree, engage in any activities or exercise any powers that are not in furtherance of the purposes of this Corporation.

ARTICLE IV

TRUSTEES

The powers of the Corporation shall be vested in a Board of Trustees. The number of Trustees shall be as prescribed in the Bylaws of the Corporation. The liability of the Trustees of the Corporation for monetary damages shall be limited to the fullest possible extent under Sections 5231 and 5239 of the Nonprofit Corporation Law.

ARTICLE V

MEMBERS

The authorized number and qualifications for Members of the Corporation, the different classes of membership, if any, the property, voting and other rights and privileges of membership, and their liability for dues and assessments and the method of collection thereof, shall be as prescribed from time to time in the Corporation's Bylaws.

ARTICLE VI

DEDICATION AND DISSOLUTION

All the property and assets of this Corporation are irrevocably dedicated to religious, charitable, or hospital purposes meeting the requirements for exemption provided by Section 501(c)(3) of the Internal Revenue Code of 1954, as that section now exists or may subsequently be amended. No part of said property or assets shall ever inure to the benefits of any Director or Officer or to the benefit of any private individual. Upon the dissolution, winding up or abandonment of the Corporation, its assets remaining after payment, or provision for payment, of all debts and liabilities of this Corporation shall be distributed for use in furtherance of the purposes of the Corporation as set forth in Article III of these Articles of Incorporation, to the St. Joseph Health System, a California nonprofit public benefit corporation, if it is then in existence and being operated as an exempt organization qualified under Section 501(c)(3) of the Internal Revenue Code of 1954, as that section now exists or may subsequently be amended. If the St. Joseph Health System is not then in existence or being so operated, then any remaining assets shall be distributed to the Sisters of St. Joseph of Orange, a California nonprofit religious corporation, if it is then in existence and being operated as an exempt organization qualified under Section 501(c)(3) of the

Internal Revenue Code of 1954, as that section now exists or may subsequently be amended. If the Sisters of St. Joseph of Orange is not then in existence or being so operated, then any remaining assets shall be distributed to the Congregation of the Sisters of St. Joseph of Orange, if it is then in existence and being operated as an exempt organization qualified under Section 501(c)(3) of the Internal Revenue Code of 1954, as that section now exists or may subsequently be amended. If the Congregation of the Sisters of St. Joseph of Orange is not then in existence or being so operated, then any remaining assets shall be distributed to the participating health institutions of the Sisters of St. Joseph of Orange or the Congregation of the Sisters of St. Joseph of Orange in such proportions as may be determined by the Members of this Corporation in their sole discretion, if any such health institutions are still in existence and exempt under Section 501(c)(3) of the Internal Revenue Code of 1954, as that section now exists or may subsequently be amended. If there are no such health institutions in existence or being so operated, then any remaining assets shall be distributed to the Roman Catholic Bishop of the Diocese of San Bernardino, a corporation sole, if it is then in existence and being operated as an exempt organization qualified under Section 501(c)(3) of the Internal Revenue Code of 1954, as that section now exists or may subsequently be amended. If the Roman Catholic Bishop of the Diocese of San Bernardino is not then in existence or being so operated, then any remaining assets shall be distributed to another organization operated exclusively for charitable or religious purposes which has established its tax-exempt status under Section 501(c)(3) of the Internal Revenue Code of 1954, as that section now exists or may subsequently be amended, as determined by the Members of this Corporation in their sole discretion.

STATE OF CALIFORNIA—HEALTH AND WELFARE AGENCY GEORGE DEUKMEJIAN, *Governor*

FFICE OF STATEWIDE HEALTH PLANNING AND DEVELOPMENT
)0 9TH STREET
CRAMENTO, CA 95814
6) 322-5834

Brother Fidelis Knight, O.H.
St. Mary Desert Valley Hospital
18300 Highway 18
Apple Valley, CA 92307

Dear Brother Knight:

Re: Restated Articles of Incorporation

In accordance with paragraph II.F. of that Regulatory Agreement dated October 1, 1982 between the Hospital and the Office, I hereby consent to the changes to the Articles of Incorporation which were received by this Office on January 17, 1989. Our approval is limited to the addition of a sentence in paragraph IV. Election to be Governed by Nonprofit Corporations Law and with the addition of paragraph V. Agent for Service of Process.

Thank you for keeping us advised in this matter.

Sincerely,

Larry G. Meeks
Director

cc: Paul R. DeMuro
Carpenter, Higgins & Simonds

Exhibit 2 to Section 999.5(d)(4)(A)

AMENDED AND RESTATED BYLAWS OF ST. MARY MEDICAL CENTER

ARTICLE I
PURPOSES AND GENERAL POLICY

1.1 Purposes of the Corporation. This corporation is operated as a ministry established for the purposes set forth in the Articles of Incorporation and, particularly, for the purposes of delivering health services to the people of San Bernardino County and surrounding areas as a witness to the saving presence of Christ and his church; by testifying to transcendent spiritual beliefs concerning life, suffering and death; by humble service of humanity and especially to the poor; by medical competence and leadership; and by fidelity to the Roman Catholic Church's teachings while ministering to the good of the whole person. These services shall include inpatient and outpatient care, educational programs, research activities and participation in any activity designed and carried on to promote the general health, rehabilitation and social needs of the community. It shall also be a purpose of this ministry to aid and assist the St. Joseph Health System.

1.2 General Policy. It is the belief of this ministry that its goals and purposes can best be accomplished through full application of Christian ideals and principles of the Sisters of St. Joseph of Orange and in the ethical principles of the Roman Catholic Church. The application of these principles includes, but is not limited to, the following:

a. The use of the ministry's facilities or services shall not be denied to any person on account of such person's creed (or lack thereof), race, color, age, gender, sexual orientation, gender identity or national origin; however

b. No activities or procedures shall be permitted that are contrary to the ethical principles of the Roman Catholic Church.

ARTICLE II
OFFICES AND SEAL

2.1 Offices. The principal office for the transaction of the business of the ministry shall be in the County of San Bernardino, State of California. The ministry may also have an office or offices within or without the State of California as the Board of Trustees may from time to time establish.

2.2 Seal. The ministry may have a corporate seal, and the same shall have inscribed thereon the name of the ministry and the date and state of its incorporation.

ARTICLE III
MEMBERSHIP

3.1 Admission and Qualification of Members. The members of the corporation and ministry shall be St. Joseph Health System, a California nonprofit public benefit corporation ("SJHS"), and Covenant Health Network, Inc., a California nonprofit public benefit corporation

("CHN"). SJHS and CHN are collectively referred to in these Bylaws as the "Members" and each individually as a "Member." The corporation shall not have any other members.

3.2 Reserved Powers. Subject to the requirements of applicable law, this ministry shall be operated and controlled by the Board of Trustees, except that (a) certain rights and powers with respect to the governance, management and operation of the corporation are hereby reserved to CHN, as a Member of the corporation, and (b) certain governance, management, operating and other rights and powers are hereby reserved to SJHS, as a Member of the corporation, and to St. Joseph Health Ministry, a California nonprofit public benefit corporation and the sole corporate member of SJHS ("SJHM"), to further the purposes and philosophy of the health care ministry of the Congregation of the Sisters of St. Joseph of Orange, in accordance with the tradition, teachings, spirit and ethical principles of the Roman Catholic Church. The specific rights and powers reserved to each of the Members and to SJHM are set forth in the Governance Matrix attached hereto as Appendix A (the "Governance Matrix"), which Governance Matrix is hereby incorporated by reference and made a part of these Bylaws. Except as otherwise expressly set forth in the Governance Matrix, the rights and powers reserved to each of the Members or to SJHM, as the case may be, may be initiated and exercised by such Member or SJHM, as applicable under the Governance Matrix, or if initiated by the Board of Trustees, must be submitted to and receive approval of the applicable Member or SJHM, as the case may be, and the action of such entity shall be final.

3.3 Distribution on Dissolution. Upon the liquidation, dissolution, winding up or abandonment of the ministry corporation, the assets remaining after the payment or provision for payment of all debts and liabilities of the ministry shall be distributed as specified in the ministry's Articles of Incorporation.

3.4 Dues and Assessments. There shall be no membership fees, dues or assessments of any Member or of SJHM.

ARTICLE IV
MANNER OF EXERCISE OF RESERVED POWERS BY A MEMBER OR SJHM

4.1 Exercise of Reserved Powers by a Member or SJHM. Each of the Members and SJHM shall exercise the rights and powers reserved to it under Article III of these Bylaws by vote of its board of directors, board of trustees or other governing body, subject only to limitations or requirements imposed by the articles of incorporation, bylaws or other governing instruments of such entity, the Governance Matrix or applicable law.

4.2 Proof of Action. The vote, written assent or other action of any Member or SJHM in respect of the exercise of any of the rights and powers reserved to it under Article III of these Bylaws shall be evidenced by, and the ministry shall be entitled to rely upon, a Certificate of the Secretary or any other officer of such Member or of SJHM, as applicable, stating (a) the actions taken by such entity, (b) that such actions were taken by the requisite vote or approval in accordance with the articles of incorporation, bylaws or other governing instruments of such entity, and (iii) the authorization of such entity for such certification.

4.3 Requests for Action by a Member or SJHM. Requests for action by any Member or by SJHM may be made through the President/Chief Executive Officer of such Member or SJHM, as applicable, or such other person as the Member or SJHM, as the case may be, shall designate.

ARTICLE V
MEETINGS OF THE MEMBERS

5.1 Place of Meetings. All meetings of the Members shall be held at the principal executive office of the ministry, or at any other place within or without the State of California which may be designated either by the Board of Trustees or by the written consent of all persons entitled to vote thereat and not present at the meeting, given either before or after the meeting and filed with the Secretary of the ministry.

5.2 Annual Meetings. An annual meeting of the Members shall be held during the month of November each year on a business day to be selected by the Board of Trustees, or on such other date as may be fixed by the Board of Trustees; provided, however, that should an annual date fixed by the Board of Trustees in any year fall upon a legal holiday observed by the ministry at its principal executive office, then any such annual meeting of Members shall be held at the same time and place on the next day thereafter ensuing which is a full business day. At such meetings reports of the affairs of the ministry shall be considered, and any other business may be transacted which is within the powers of the Members.

5.3 Special Meetings. Special meetings of the Members, for the purpose of taking any action by the Members permitted or required under the California Nonprofit Corporation Law or the Articles of Incorporation or these Bylaws of the ministry, may be called at any time by the Chair or the President/Chief Executive Officer, or by the Board of Trustees, or by either of the Members. Upon a written request by an person entitled to call a special meeting of Members, the Secretary forthwith shall cause notice to be given to the Members that a meeting will be held at a time requested by the person or persons calling the meeting, not less than thirty-five (35) nor more than ninety (90) days after receipt of the request.

5.4 Notice of Annual or Special Meeting. Written notice of each annual or special meeting of Members shall be given not less than ten (10) nor more than ninety (90) days before the date of the meeting to each Member. Such written notice shall be given personally, by electronic transmission by the ministry, or by first-class mail or other means of written communication, addressed to the Member at the address of such Member appearing on the books of the ministry or given by the Member to the ministry for purpose of notice.

Any such notice shall be deemed to have been given at the time when delivered personally or deposited in the mail or sent by other means of written communication. An affidavit of mailing of any such notice in accordance with the foregoing provisions, executed by the Secretary shall be prima facie evidence of the giving of notice. Such notices shall specify:

a. the place, the date and the hour of such meeting;

b. in the case of a special meeting, the general nature of the business to be transacted, and no other business may be transacted;

c. in the case of the annual meeting, those matters which the Board of Trustees, at the time of the mailing of notice, intends to present for action by the Members; and

d. such other matters, if any, as may be expressly required by statute.

5.5 Quorum; Vote Required to Take Action. The presence in person or by proxy of each of the Members entitled to vote at any meeting shall constitute a quorum for the transaction of business at any meeting of the Members. Subject to, and except as otherwise provided in, the Governance Matrix with respect to rights and powers reserved to either of the Members or to SJHM under Article III of these Bylaws, and except as otherwise required by applicable law, (a) each Member shall be entitled to cast one vote on each matter presented for action at any meeting of Members, and (b) subject to the provisions of Article IV of these Bylaws with respect to the exercise of such reserved rights and powers, any action approved or ratified by the affirmative vote of a majority of the votes represented and voting at a duly held meeting at which a quorum is present (which affirmative votes also constitute a majority of the required quorum) or by written ballot in conformity with Section 5513 of the California Nonprofit Corporation Law shall constitute the act or approval of the Members.

5.6 Adjourned Meeting and Notice Thereof. Any Members' meeting, annual or special, whether or not a quorum is present, may be adjourned from time to time by the vote of a majority of Members, either present in person or represented by proxy thereat, but in the absence of a quorum at the commencement of the meeting, no other business may be transacted at such meeting. When any Members' meeting, either annual or special, is adjourned for forty-five (45) days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Except as provided above, it shall not be necessary to given any notice of the time and place of the adjourned meeting or of the business to be transacted thereat, other than by announcement of the time and place thereof at the meeting at which such adjournment is taken.

5.7 Waiver of Notice. The transactions of any meeting of the Members, either annual or special, however called and noticed, shall be as valid as though had at a meeting duly held after regular call and notice, if a quorum be present either in person or by proxy, and if, either before or after the meeting, each of the Members entitled to vote, not present in person or by proxy, or who, though present, has, at the beginning of the meeting, properly objected to the transaction of any business because the meeting was not lawfully called or convened, or to particular matters of business legally required to be included in the notice, but not so included, signs a written waiver of notice, or a consent to the holding of such meeting, or an approval of the minutes thereof. All such waivers, consents or approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Neither the business to be transacted at nor the purpose of any regular or special meeting of the Members need be specified in any written waiver of notice or consent.

5.8 Action Without Meeting. Any action which, under the provisions of the California Nonprofit Corporation Law, may be taken at a meeting of the Members, may be taken without a meeting, and without notice except as hereinafter set forth, if a consent in writing, setting forth the action so taken, is signed by all of the Members.

5.9 Proxies. Each Member entitled to vote or execute consents shall have the right to do so through its duly authorized representative in person or by one or more agents authorized by a written proxy executed by such Member or its duly authorized agent and filed with the Secretary of the ministry. No proxy shall be valid after the expiration of 11 months from the date thereof unless otherwise provided in the proxy, except that the maximum term of any proxy shall be three years from the date of execution. Subject to the provisions of Sections 5613(e) and 5613(f) of the California Nonprofit Corporation Law, any proxy duly executed shall continue in full force and effect until the earlier of (a) an instrument revoking it or a duly executed proxy bearing a later date is filed with the secretary of the ministry prior to the vote pursuant thereto, or (b) the Member executing the proxy attends the meeting through its duly authorized representative and votes in person. The dates contained on the forms of proxy shall presumptively determine the order of execution of the proxies, regardless of the postmark dates on the envelopes in which they are mailed.

ARTICLE VI
BOARD OF TRUSTEES

6.1 Powers. Except as otherwise provided by the Articles of Incorporation or these Bylaws, and subject to the rights and powers reserved to the Members and to SJHM as set forth in Article III and the Governance Matrix, the powers of the ministry shall be exercised, its property controlled and its affairs conducted by or under the direction of the Board of Trustees.

6.2 Number and Qualification. The Board of Trustees shall consist of not less than nine (9) nor more than fifteen (15) members, including ex officio members. The exact number of Trustees shall be fixed from time to time within these limits by a resolution duly adopted by the Board of Trustees. No decrease in the number of Trustees shall have the effect of shortening the term of office of any incumbent Trustee. SJHM shall be a "designator" pursuant to Section 5220(d) of the California Nonprofit Corporation Law and shall have the right to designate up to four (4) ex officio member(s) of the Board of Trustees, who shall have the right to vote on all matters brought before the Board of Trustees. The President/Chief Executive Officer of the ministry, the Chief of Staff of the Medical Staff of the ministry's hospital, and the President/Chief Executive Officer of SJHS shall each serve as ex officio members of the Board of Trustees with the right to vote; provided, however, that the President/Chief Executive Officer of SJHS shall have the right, instead of serving as an ex officio and voting member of the Board of Trustees, to designate pursuant to Section 5220(d) of the California Nonprofit Corporation Law another officer of SJHS to serve in his or her place as a voting member of the Board of Trustees for such term as the President/Chief Executive Officer of SJHS may designate. The remaining members of the Board of Trustees shall be elected or appointed pursuant to the procedures set forth in Section 6.3 of these Bylaws, subject in all instances to the rights reserved to each of the Members and to SJHM to approve such nominations, election or appointment as set forth in the Governance Matrix; provided, however, that the Board of Trustees shall always be constituted to include at least one Sister of St. Joseph of Orange, at least one physician, and at least one community member.

6.3 Appointment and Term. The election of Trustees shall be made in accordance with the Governance Matrix using the following process: members of the Board of Trustees will raise names of potential candidates, such candidates will be interviewed by members of the

Board, and then the Board of Trustees will select nominee(s) by majority vote of the Board of Trustees for submission first to SJHS and SJHM for consideration and approval, and then after receipt of such approval from SJHS and SJHM, to CHN for its consideration and approval. The Trustees of the Board shall be elected or reelected pursuant to the foregoing process on or before December 1st of each year.

a. Except as contemplated in subparagraph b., below, the term of office of each elected member of the Board of Trustees will be for a period of three (3) years and until the election of his or her successor. Any elected Trustee may be reelected for two (2) additional terms of three (3) years, but cannot serve more than three (3) consecutive terms. Any person elected to an unexpired term will be eligible for three (3) additional terms of three (3) years.

b. The terms of office of the elected Trustees shall, to the extent reasonably possible, be staged such that turnover of Trustees occurs regularly but without loss of continuity in the Board of Trustees' function.

6.4 Resignation. Any Trustee may resign at any time, either by oral tender of resignation at any meeting of the Board of Trustees or by giving written notice thereof to the Secretary of the corporation. Such resignation shall take effect at the time specified therefore and, unless otherwise specified with respect thereto, the acceptance of such resignation shall not be necessary to make it effective.

6.5 Removal. An elected Trustee may be removed, with or without cause, by action of SJHS and with the approval of CHN pursuant to the rights and powers reserved to each of the Members as set forth in the Governance Matrix and Article III of these Bylaws. A designated Trustee may be removed, with or without cause, only by the designator of such Trustee.

6.6 Vacancies. Any vacancy occurring in the Board of Trustees as a result of the death, resignation, retirement or removal of an elected Trustee may be filled by the Board of Trustees utilizing the process set forth in Section 6.3 of these Bylaws, subject in all instances to the powers and rights reserved to each of the Members and SJHM in the Governance Matrix. . A Trustee appointed to fill a vacancy occurring in the Board of Trustees shall serve for the unexpired term of his or her predecessor in office.

6.7 Organizational Meeting of the Board of Trustees. As soon as reasonably practicable, and within thirty (30) days after the annual election of Trustees pursuant to Section 6.3 of these Bylaws becomes effective, the Trustees shall meet for the purpose of organizing the Board of Trustees and the transaction of such other business as may come before the meeting. Notice of such meeting shall be given in the same manner as for a regular meeting of the Board of Trustees and such meeting may coincide with the regular meeting of the Board of Trustees that follows the annual election.

6.8 Chair and Vice Chair. The Board of Trustees shall have a Chair and a Vice Chair, each of whom must be Trustees. Potential candidates for these positions shall be nominated by the Trustees, and the Board of Trustees, by majority vote, shall determine the nominees for each of these positions to be submitted first for approval by SJHS and SJHM, and then if so approved by SJHS and SJHM, for final approval by CHN, all in accordance with the rights and powers

reserved to the Members and SJHM in the Governance Matrix. The term of office for each of the Chair and Vice Chair shall be for a period of one (1) year and until the election of his or her respective successor.

6.9 Regular Meetings - Attendance. Regular meetings of the Board of Trustees shall be held at least once each calendar quarter at such time and place as the Board of Trustees may fix by resolution from time to time. No notice of any regular meeting of the Board of Trustees need be given. Trustees shall be encouraged to attend all meetings unless specifically excused.

6.10 Special Meetings. Special meetings of the Board of Trustees may be called by or at the request of three (3) Trustees, the Chair of the Board of Trustees, or the President/Chief Executive Officer.

6.11 Notice of Special Meetings. Notice of the time and place of all special meetings shall be delivered personally or by telephone to each Trustee or sent by first class mail, electronically or by fax, addressed to each Trustee at that Trustee's address as it is shown on the records of the ministry. Notice of special meetings shall be given at least forty-eight (48) hours before the time of the holding of the meeting. Any oral notice given personally or by telephone may be communicated either to the Trustee or to a person at the office or residence of the Trustee who the person giving the notice has reason to believe will promptly communicate it to the Trustee. The notice need not specify the purpose of the meeting nor the place if the meeting is to be held at the principal office of the ministry.

6.12 Quorum; Vote Required to Take Action. A majority of the authorized number of Trustees shall constitute a quorum for the transaction of business at any meeting of the Board of Trustees, but if fewer than a majority thereof are present at the meeting, a majority of the Trustees present may adjourn and reconvene the meeting from time to time. Notice of the time and place of holding an adjourned meeting need not be given unless the meeting is adjourned for more than 24 hours, in which case personal notice of the time and place shall be given before the time of the adjourned meeting to the Trustees who were not present at the time of adjournment. A meeting at which a quorum is initially present may continue to transact business notwithstanding the withdrawal of Trustees, if any action taken is approved by a least a majority of the quorum required for such meeting. Subject to, and except as otherwise provided in, the Governance Matrix with respect to rights and powers reserved to either of the Members or to SJHM under Article III of these Bylaws, and except as otherwise required by applicable law, an act or decision done or made by a majority of the Trustees present at a meeting duly held at which a quorum is present shall be the act of the Board of Trustees.

6.13 Waiver of Notice. The transactions of the Board of Trustees at any meeting, however called or noticed, or wherever held, shall be as valid as though had at a meeting duly held after call and notice if (a) a quorum be present, and (b) either before or after the meeting, each of the Trustees not present signs a written waiver of notice, a consent to holding the meeting, or an approval of the minutes. The waiver of notice or consent need not specify the purpose of the meeting. All waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meeting. Notice of a meeting shall also be deemed given to any Trustee who attends the meeting without protesting before or at its commencement about the lack of adequate notice. Trustees can protest the lack of notice only by presenting a

written protest to the Secretary either in person or by facsimile addressed to the facsimile number of the ministry as contained in the ministry's records as of the date of protest .

6.14 Action without Meeting. Any action required or permitted to be taken by the Board of Trustees under any provision of law, the Articles of Incorporation or these Bylaws may be taken without a meeting if all Trustees shall individually or collectively consent in writing to such action. For the purposes of this Section 6.14 only, "all Trustees" shall not include any "interested director" as defined in Section 5233 of the California Nonprofit Corporation Law. Such written consent or consents may be conveyed by any manner in which notice of special meetings may be conveyed pursuant to these Bylaws and record of such consents shall be filed with the minutes of the proceedings of the Board of Trustees. Such action by written consent shall have the same force and effect as unanimous vote of the Trustees. Any certificate or other document filed on behalf of this ministry relating to an action taken by the Board of Trustees without a meeting shall state that the action was taken by a unanimous written consent of the Board of Trustees without a meeting, and that the Bylaws of the ministry authorize its Trustees to so act.

6.15 Meeting by Tele- or Video-conference. Members of the Board of Trustees may participate in a meeting through use of tele- or video-conference or similar communications equipment, provided that each of the Trustees participating in such a meeting can communicate with all of the other Trustees concurrently, and provided that each Trustee is provided the means of participating in all matters before the Board of Trustees, including, without limitation, the capacity to propose, or to interpose an objection to, a specific action to be taken by the ministry. Participation in a meeting pursuant to this paragraph constitutes presence in person at such meeting.

6.16 Compensation. The Trustees shall receive no compensation for their services as Trustees. Trustees may receive reimbursement of expenses, as may be determined by resolution of the Board of Trustees to be just and reasonable.

6.17 Conflicts of Interest. The Board of Trustees shall adopt the conflict of interest policy in the Corporate Responsibility Program to be applied to all Trustees in compliance with the conflict of interest provisions of nonprofit corporation law and in accordance with IRS guidelines, as they may be revised from time to time. Such conflict of interest policy shall require appropriate disclosure by those Trustees who have a conflict of interest with respect to Board of Trustees actions. Further, such conflict of interest policy shall provide mechanisms for the manner in which such conflicts of interest shall be addressed to prevent inappropriate participation of interested Trustees in Board of Trustees actions.

6.18 Evaluation of the Board of Trustees. The Board of Trustees shall regularly, at least annually, evaluate its performance and initiate such action as shall be necessary to improve its effectiveness in furthering the purposes and objectives of the ministry. In order to address improvement opportunities identified by such evaluations, the Board of Trustees may create such committees and employ such consultants as it deems necessary.

ARTICLE VII
COMMITTEES

7.1 Committees Generally. Except as otherwise provided by these Bylaws, the Board of Trustees may, by resolution or resolutions passed by a majority of the Trustees then in office, appoint executive, standing or special committees, consisting of two (2) or more persons, for any purpose defined by these Bylaws or determined by the Board of Trustees. Each committee shall be organized and function pursuant to a charter approved by the Board of Trustees. Such committees shall include at minimum the following committees: executive, community benefit, quality, and finance; though the committees' names need not use the terms used herein and these same committees may also be charged with multiple and other responsibilities.

When such committees are composed solely of Trustees, the Board of Trustees may delegate to such committees any of the powers and authority of the Board of Trustees, subject to any restrictions or limitations imposed under applicable law and to the rights and powers reserved to the Members and to SJHM under Article III. Committees which are composed solely of Trustees and to which the powers of the Board of Trustees are delegated shall have power to act only in intervals between meetings of the Board of Trustees and shall at all times be subject to the control of the Board of Trustees. Notwithstanding the provisions of Section 7.3 of these Bylaws, no act of a committee which is composed solely of Trustees and to which any powers of the Board of Trustees are delegated shall be valid unless approved by the vote or written consent of a majority of the members of such committee. At least one Medical Staff member shall be included on every governing body committee that deliberates issues affecting the discharge of Medical Staff responsibilities.

No committee, regardless of resolution of the Board of Trustees, shall:

a. Fill vacancies on the Board of Trustees or in any committee which has the authority of the Board of Trustees;

b. Fix compensation of the Trustees for serving on the Board of Trustees or any committee;

c. Amend or repeal bylaws or adopt new bylaws;

d. Amend or repeal any resolution of the Board of Trustees which by its express terms is not amendable or repealable;

e. Appoint any other committees of the Board of Trustees or the members of these committees;

f. Approve any transaction (1) between the ministry and one or more Trustees or (2) between the ministry or any entity in which one or more of its Trustees have a material financial interest;

g. Expend corporate funds to support a nominee for Trustee after more persons have been nominated than can be elected; or

h. Approve any self-dealing transaction except as provided for in Section 5233(d)(3) of the California Nonprofit Corporation Law.

Unless otherwise provided in these Bylaws, the Board of Trustees or the committees, if the Board of Trustees does not act, shall establish rules and regulations for committee meetings, select committee chairpersons and meet at such times as are deemed necessary, provided that the provisions of Section 7.5 shall be applicable to all committee meetings. Committees shall keep regular minutes of proceedings and report the same to the Board of Trustees from time to time as the Board of Trustees may require. Any committee composed of persons, one or more of whom are not Trustees, may act solely in an advisory capacity to the Board of Trustees.

7.2 Executive Committee. The Executive Committee shall include:

a. the Chair of the Board of Trustees;

b. the Vice-Chair of the Board of Trustees

c. the President/Chief Executive Officer of the ministry;

d. the President/Chief Executive Officer of SJHS, or his or her designee currently serving on the Board of Trustees pursuant to Section 6.2 of these Bylaws;

e. a Trustee designated by SJHM (which traditionally and by preference, is a Sister of St. Joseph of Orange);

f. additional Trustees appointed by the Board of Trustees when requested by the Chair or the President/Chief Executive Officer.

The Chair of the Board of Trustees shall act as chair of the Executive Committee. Between meetings of the Board of Trustees, the Executive Committee shall have and exercise the authority of the Board of Trustees in the management of the ministry, excepting as to matters concerning which the full Board of Trustees is required to act by law or by the Articles of Incorporation or by these Bylaws. The Executive Committee shall have and exercise such specific powers and perform such specific duties as prescribed by these Bylaws or as the Board of Trustees shall from time to time prescribe or direct.

7.3 Quorum. A majority of the members of a committee shall constitute a quorum and any transaction of a committee shall require a majority vote of the quorum present at any meeting. Each member of a committee, including the person presiding at the meetings, shall be entitled to one (1) vote.

7.4 Appointment and Removal of Members. The Chair of the Board of Trustees or a committee designated by the Chair will recommend committee memberships to the Board for approval. The Board of Trustees may remove at any time, with or without cause, a member or members of that committee.

7.5 Meetings. Members of committees shall meet not less frequently than once a year and, in any event, at the call of the President/Chief Executive Officer, the chair of the committee

or two (2) committee members at such place as he/she or they shall designate. Each committee shall keep minutes of its proceedings and make a written report to the Board of Trustees of its actions within a reasonable time subsequent thereto.

7.6 Expenditures. Any expenditure of corporate funds by a committee shall require prior approval of the Board of Trustees.

ARTICLE VIII
MINISTRY OFFICERS

8.1 Officers. The officers of the ministry shall include a President/Chief Executive Officer, a Vice President of Mission Integration, a Secretary and a Chief Financial Officer.

8.2 Selection of Officers. The President/Chief Executive Officer shall be appointed pursuant to the procedures set forth in Section 8.5 of these Bylaws. The Board of Trustees hereby delegates to the President/Chief Executive Officer the power to appoint the other officers of the ministry, provided that at the discretion of the President/Chief Executive Officer and/or Board of Trustees Chair, the Secretary may instead be appointed by the Board of Trustees.

8.3 Subordinate Officers. The President/Chief Executive Officer may create officer positions other than those included in Section 8.1 as the operations of the ministry may require. Subordinate officers shall be appointed by the President/Chief Executive Officer and shall hold office for such period, have such authority and perform such duties as are provided in these Bylaws or as the President/Chief Executive Officer from time to time may assign.

8.4 Removal of Officers. Pursuant to authority hereby delegated by the Board of Trustees, the Secretary, the Chief Financial Officer and any subordinate ministry officer may be removed by the President/Chief Executive Officer; provided, however, that if the Secretary has been appointed by the Board of Trustees, such individual may removed from office only by the Board of Trustees. The President/Chief Executive Officer may be removed only by action of SJHS pursuant to the rights and powers reserved to SJHS as set forth in the Governance Matrix and Article III of these Bylaws. Should a vacancy occur in any office as a result of death, resignation, removal, disqualification or any other cause, the Board of Trustees may delegate the powers and duties of such office to any officer until such time as a successor for such office has been selected, except that in the absence of the President/Chief Executive Officer, the provisions of Section 8.5 of these Bylaws shall apply.

8.5 President/Chief Executive Officer. The President shall be the Chief Executive Officer of the ministry. The President/Chief Executive Officer shall be appointed using the following process: the Board of Trustees shall establish a search committee that shall include, at a minimum, the President and Chief Executive Officer of CHN and the Senior Vice President of human resources of SJHS; the search committee will propose a candidate to serve as the President/Chief Executive Officer to the Board of Trustees; if the Board of Trustees approves the candidate, the candidate will next be presented to the board of directors of CHN; if the board of directors of CHN approves the candidate by a simple majority vote, then the candidate will be presented to the board of trustees of SJHS for final approval. The President/Chief Executive Officer shall, subject to the control of the Board of Trustees, have general supervision, direction

and control of the business and affairs of the ministry, and shall be an ex officio member of all of the standing committees with the right to vote. The President/Chief Executive Officer shall have the general powers and duties usually vested in the chief executive officer of a corporation and such other powers and duties as may be prescribed by the Board of Trustees and/or these Bylaws. The Chair of the Board of Trustees, in conjunction with the SJHS President and Chief Executive Officer, shall annually evaluate the performance of the President/Chief Executive Officer.

8.6 Vice President of Mission Integration. The Vice President of Mission Integration shall be appointed by, and may be only be removed by, the President/Chief Executive Officer in collaboration with SJHS and SJHM. The Vice President of Mission Integration of the ministry shall be responsible for the duties and responsibilities set forth in the System-wide job description for this position developed by SJHS, as such description may be amended from time to time. The President/Chief Executive Officer and SJHS's executive responsible for mission integration shall collaborate to evaluate the performance of the Vice President of Mission Integration.

8.7 Secretary. The Secretary of the ministry shall keep and preserve adequate and required corporate records, minutes of the proceedings the board and its committees, and a record of Board of Trustees and committee members names and addresses and the position held by each. The Secretary shall also maintain and cause to be periodically reviewed procedures and policies of the Board of Trustees and of the ministry. The Secretary will also perform other duties as may be assigned by the Board of Trustees or the President/Chief Executive Officer.

8.8 Chief Financial Officer. The Chief Financial Officer of the ministry shall keep and maintain or cause to be kept and maintained adequate and correct accounts of the properties and business transactions of the ministry, including accounts of its assets, liabilities, receipts, disbursements, gains and losses. The Chief Financial Officer shall deposit or cause to be deposited all monies and other valuables in the name of the ministry in such depositories as may be designated for that purpose by the Board of Trustees. The Chief Financial Officer shall disburse or cause to be disbursed the funds of the ministry as may be ordered by the Board of Trustees, taking proper vouchers for such disbursements, shall render to the Chair of the Board of Trustees, President/Chief Executive Officer or the Board of Trustees whenever they shall request it an account of all transactions as Chief Financial Officer and of the financial condition of the ministry, and shall have such other powers and perform such other duties as may be prescribed by the Board of Trustees or these Bylaws.

8.9 Compensation and Expenses. Officers shall serve without salary unless they are also employees of the ministry. Expenses incurred in connection with performance of their official duties may be reimbursed to officers upon approval as set forth in the executive expense policies as they may be amended from time to time.

ARTICLE IX
MEDICAL STAFF

9.1 Organization. The Board of Trustees shall cause to be created a medical staff organization, to be known as the Medical Staff of the ministry, whose membership shall be

comprised of all physicians, dentists, podiatrists and clinical psychologists who are privileged to attend patients in the ministry. The term "physician" shall include physicians licensed by the State of California regardless of whether they hold an M.D. or D.O. degree. Membership in this medical staff organization shall be prerequisite to the exercise of clinical privileges in the Hospital, except as otherwise specifically provided in the Medical Staff Bylaws.

9.2 Medical Staff Bylaws, Rules and Regulations.

a. Purpose. The Medical Staff shall propose and adopt by majority vote Bylaws and Rules for its internal governance by a voting procedure specified in the Medical Staff Bylaws. Medical Staff Bylaws and Rules shall be effective only when approved by the Board of Trustees, which approval shall not be unreasonably withheld. The Medical Staff Bylaws shall create an effective administrative unit to discharge the functions and responsibilities assigned to the Medical Staff by the Board of Trustees. The Medical Staff Bylaws, Rules and Regulations shall state the purposes, functions and organization of the staff and shall set forth the policies by which the Medical Staff exercises and accounts for its delegated authority and responsibilities.

b. Procedure. The Medical Staff shall have the initial responsibility to formulate, adopt and recommend to the Board of Trustees Medical Staff Bylaws and amendments thereto which shall be effective when approved by the Board of Trustees. Proposed Medical Staff Bylaw changes will be presented to a meeting of the Board of Trustees and mailed to each Trustee at least seven (7) days prior to the meeting at which a vote is to be taken on adoption of the proposed change. No Medical Staff Bylaws or amendments shall become effective without approval by the Board of Trustees as hereinabove provided. If the Medical Staff fails to exercise this responsibility in good faith and in a reasonable, timely and responsible manner, and after written notice from the Board of Trustees to such effect, including a reasonable period of time for a response and use of the dispute resolution policy referenced in Section 9.6 herein, the Board of Trustees may formulate or amend the Medical Staff Bylaws. In such event, Medical Staff recommendations and views shall be carefully considered by the Board of Trustees during its deliberations and in its actions.

9.3 Medical Staff Membership and Clinical Privileges.

a. Delegation to the Medical Staff. The Board of Trustees shall delegate to the Medical Staff the responsibility and authority to investigate and evaluate all matters relating to Medical Staff membership status, clinical privileges and corrective action, and shall require that the Medical Staff adopt and forward to it specific written recommendations with appropriate supporting documentation that will allow the Board of Trustees to take informed action.

b. Action by the Board of Trustees. Final action on all matters relating to Medical Staff membership status, clinical privileges and corrective action shall be taken by the Board of Trustees after considering the Medical Staff recommendations, provided that the Board of Trustees shall act in any event if the Medical Staff fails to adopt and submit any such recommendation within the time periods set forth in Medical Staff Bylaws. Such Board of Trustees action without a Medical Staff recommendation shall be based on the same kind of documented investigation and evaluation of current ability, judgment and character as is required

for Medical Staff recommendations. In the event the Board of Trustees does not concur in a Medical Staff recommendation relative to Medical Staff membership, clinical privileges or corrective action, it shall refer the matter to an ad hoc committee consisting of three (3) members of the Medical Staff selected by the Medical Staff or its leadership, the Chief of Staff, three (3) non-physician members of the Board of Trustees, and the Chief Executive Officer of the corporation, for review and recommendation before a final decision is made by the Board of Trustees.

c. Criteria for Board of Trustees Action. On acting on matters of Medical Staff membership status, the Board of Trustees shall consider the Medical Staff's recommendations, the needs of the ministry and the community, and such additional criteria as are set forth in the Medical Staff Bylaws and Rules. In granting and defining the scope of clinical privileges to be exercised by each practitioner, the Board of Trustees shall consider the Medical Staff's recommendations, the supporting information on which they are based, and such criteria as are set forth in the Medical Staff Bylaws. Membership and specific clinical privileges will be considered relative to, among other things, good patient care, professional qualifications, to the Hospital's purposes, needs and capabilities, or to community needs. Membership and privileges decisions shall be made in a non-discriminatory manner and no aspect of membership status nor specific clinical privileges shall be limited or denied to a practitioner on the basis of gender, age, race, creed, color or national origin, handicap or disability.

d. Terms and Conditions of Medical Staff Membership and Clinical Privileges. The terms and conditions of membership status in the Medical Staff and of the exercise of clinical privileges shall be as specified in the Medical Staff Bylaws or as more specifically defined in the notice of individual appointment. Appointments to the Medical Staff may be for a maximum term of two (2) years.

e. Procedure. The procedure to be followed by the Medical Staff and the Board of Trustees in acting on matters of membership status, clinical privileges and corrective action shall be as specified in the Medical Staff Bylaws.

9.4 Fair Hearing Procedure. The Board of Trustees shall require that any adverse recommendation made by the Executive Committee of the Medical Staff or any adverse action taken by the Board of Trustees with respect to a practitioner's appointment, reappointment, department affiliation, category, admitting prerogatives or clinical privileges shall, except under circumstances for which specific provision is made in the Medical Staff Bylaws and/or by contract, be accomplished in accordance with the Fair Hearing procedure as defined in the Medical Staff Bylaws then in effect. Such procedure shall provide for procedure to assure fair treatment and afford opportunity for the presentation of all pertinent information. For the purposes of this Section, an "adverse recommendation" of the Medical Staff Executive Committee and an "adverse action" of the Board of Trustees shall be as defined in the Fair Hearing Procedure set forth in Medical Staff Bylaws as then approved.

9.5 Allied Health Professionals. The Board of Trustees shall delegate to the Medical Staff the responsibility and authority to investigate and evaluate each application by an allied health professional for specified services, department affiliation and modification in the services

such allied health professional may perform, and shall require that the Medical Staff or a designated component thereof make recommendation to it or to its designee thereon.

9.6 Conflict Resolution between the Medical Staff and the Board of Trustees. Conflict between the Medical Staff and the Board of Trustees is resolved according to the dispute resolution policy as it is amended from time to time, subject to the approval of SJHS.

ARTICLE X
QUALITY OF PROFESSIONAL SERVICES

10.1 Board of Trustees' Responsibility. The Board of Trustees shall require: (a) that the Medical and Administrative Staffs prepare and maintain adequate and accurate medical records for all patients, and (b) that the person responsible for each basic and supplemental medical service cause written policies and procedures to be developed and maintained and that such policies be approved by the Board of Trustees. The Board of Trustees shall further require, after considering the recommendations of the Medical Staff, the conduct of specific review and evaluation activities to assess, preserve and improve the overall quality and efficiency of patient care in the ministry. The Board of Trustees shall provide whatever administrative assistance is reasonably necessary to support and facilitate the implementation and ongoing operation of these review and evaluation activities.

10.2 Accountability to Board of Trustees. The Medical Staff shall conduct and be accountable to the Board of Trustees for conducting activities that contribute to the preservation and improvement of the quality and efficiency of patient care provided in the Hospital. These activities shall include:

a. The conduct of periodic meetings at regular intervals to review and evaluate the quality of patient care through a valid and reliable patient care audit procedure based upon a review of patient medical records;

b. Ongoing monitoring of patient care practices through the defined functions of the Medical Staff, the other professional services and ministry administration;

c. Definition of the clinical privileges which may be appropriately granted within the ministry and within each department, delineation of clinical privileges for members of the Medical Staff commensurate with individual credentials and demonstrated ability and judgment, and assignment of patient care responsibilities to other health care professionals consistent with individual licensure, qualifications and demonstrated ability;

d. Provision of continuing professional education, shaped primarily by the needs identified through the review and evaluation activities;

e. Review of utilization of the ministry's medical resources to provide for their allocation to meet the needs of the patients;

f. Provide input to and consultation on quality of care issues at the ministry; and

g. Such other measures as the Board of Trustees may, after considering the advice of the Medical Staff and other professional services and ministry administration, deem necessary for the preservation and improvement of the quality and efficiency of patient care.

10.3 Documentation. The Board of Trustees shall require, receive, consider and act upon the findings and recommendations emanating from the activities required by Section 10.2 of this Article X. All such findings and recommendations shall be in writing, signed by the persons responsible for conducting the review activities and supported and accompanied by appropriate documentation upon which the Board of Trustees can take informed action.

ARTICLE XI
CONTRACTS AND BANKING

11.1 Contracts. The Board of Trustees or the Executive Committee may authorize any officer or officers, agent or agents, to enter into any contract or execute or deliver any instrument in the name of and on behalf of the ministry, and such authority may be general or confined to specific instances, and unless so authorized by the Board of Trustees, no officer or agent shall have any power or authority to bind the corporation by any contract or engagement, to pledge its credit or to render it liable for any purpose or in any amount. All binding obligations of the corporation shall be consistent with ethical business practices, accreditation standards, relevant law and the SJHS Corporate Responsibility Program as it may be modified from time to time.

11.2 Deposits. All funds of the corporation not otherwise employed shall be deposited from time to time to the credit of the ministry.

11.3 Checks, Drafts, Etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the ministry and any and all securities owned or held by the ministry requiring signature for transfer shall be signed by such officer or officers, agent or agents, of the ministry and in such manner as shall from time to time be determined by resolution of the Board of Trustees or the Executive Committee.

11.4 Loans. No loans shall be made by or to this ministry and no evidence of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Trustees or the Executive Committee and, where required by Section 3.2 of Article III or the Governance Matrix, approved by CHN or SJHS as the Members.

11.5 Inspection of Corporation Records. The books of account and minutes of proceedings of the Board of Trustees shall be open to inspection upon the written demand of any Member, at any reasonable time and for any purpose reasonably related to its interests as a Member. Such inspection may be made by any Member or by any duly authorized agent or attorney appointed by such Member, and shall include the right to make extracts. Demand for inspection shall be made in writing, addressed to the President/Chief Executive Officer or Secretary of the corporation.

ARTICLE XII
ACCOUNTING YEAR AND TAX AUDIT

12.1 Accounting Year. The accounting year of the ministry shall end on the last day of June of each year.

12.2 Audit. At the end of the accounting year the books of the ministry shall be closed and audited by a certified public accountant selected by SJHS pursuant to the power reserved to SJHS under Article III of these Bylaws and the Governance Matrix. The financial report of the auditor shall be furnished to the Members and a copy to the Board of Trustees.

ARTICLE XIII
ADJUNCT ORGANIZATIONS

13.1 Creation of Adjunct Organizations. From time to time the corporation may establish adjunct organizations including advisory board, support groups, and auxiliaries. Each such group shall establish a constitution or bylaws and rules and regulations and present them to the Board of Trustees of this ministry for approval; and all amendments thereto shall also be subject to the approval of the Board of Trustees of this ministry. The Bylaws and Articles of Incorporation of this corporation shall prevail and govern over the documents and actions of any such adjunct or subordinate organization. No adjunct organization created under this Article XIII shall be incorporated or otherwise enjoy separate legal existence, identity and powers.

13.2 Members. The Board of Trustees shall establish the requirements for membership in any adjunct organization, including the amounts of membership dues or contributions to be collected.

13.3 Officers. Each adjunct organization may annually elect officers who shall not assume the responsibilities of their offices until confirmed by the Board of Trustees of this ministry. Such confirmation shall be solely in the discretion of the Board of Trustees of this ministry, and the adjunct organization shall submit any information requested to aid this Board of Trustees in the evaluation of the nominated officers. Officers of any such adjunct organization may be removed at any time by the Board of Trustees of this ministry. The Board of Trustees shall appoint the initial officers and chairpersons of standing committees of adjunct organizations.

13.4 Bank Account. Adjunct organizations may open bank accounts at a local bank chosen by the Board of Trustees of this ministry. Any such account shall be in the name of the ministry, to which the name of the relevant adjunct organization may be appended for identification purposes in a manner consistent with format requirements, if any, of the bank at which the account is opened. The persons authorized to draw upon or make withdrawals from such account shall be: (a) the current officers of the adjunct organization, upon the signatures of any two of such officers, accompanied by any officer of this ministry upon the signature of that officer, or (b) any two officers of this ministry, upon the signatures of both or (c) any persons designated by the Board of Trustees of the ministry. The adjunct organization's officers who are responsible for the account shall file the appropriate authorization cards with the bank at which the account is opened.

13.5 Funds. All funds received by an adjunct organization of this ministry are deemed to have been received by this ministry, and checks should be made payable to the name of this ministry or to the name of the adjunct organization, subject to such additional or other requirements as may be imposed by the bank at which an account is opened as provided in these Bylaws. All contributions, except those representing fair payment for goods or services, will be tax deductible, and the contributors should be advised to list the ministry as recipient upon their tax returns.

13.6 Expenditures. Funds received by an adjunct organization of this ministry shall be expended solely for purposes consistent with the adjunct organization's function as a support organization for this ministry. The adjunct organizations are subject to the spending limits established by the Board of Trustees of this ministry.

13.7 Financial Reports. On or before the 30th day of April of each year, each adjunct organization shall file with the Board of Trustees of this ministry a financial report in the required form. All such records shall be kept for at least three (3) years after filing.

13.8 Contracts. All contracts or documents made, acquired or executed by an adjunct organization shall be signed by the president of that organization or his/her representative and an officer of this ministry. All such contracts or documents shall be entered into in the name of St. Mary Medical Center.

ARTICLE XIV
AMENDMENTS

The Bylaws of the corporation, including, without limitation, the Governance Matrix, may be altered, amended or repealed, and new Bylaws adopted, only by action of the Members and SJHM in the manner and to the extent specified in the Governance Matrix and Article IV of these Bylaws and in accordance with the California Nonprofit Corporation Law. The Board of Trustees, in consultation with the Members, shall regularly, and at least annually, review the Bylaws.

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COVENANT HEALTH NETWORK
GOVERNANCE MATRIX

This Governance Matrix outlines various reserved rights and powers and is intended to apply to parties to the Affiliation Agreement. It also serves to encourage collaboration and transparency between governing bodies and management and involvement of the communities of concern for decisions reached.

The rights included in this Governance Matrix consist of rights to initiate action as well as certain intermediate and final approval rights with respect to actions taken or recommended by the parties to the Affiliation Agreement.

This Governance Matrix is incorporated by reference and is a part of the Bylaws and certain other governance documents for each of the parties to the Affiliation Agreement. Any conflict between this Governance Matrix and a written narrative description of the same right or rights in any document into which this Governance Matrix is incorporated by reference shall be resolved in favor of the narrative in such document. This Governance Matrix may be modified, amended or repealed only in accordance with the approvals required for amendment or repeal of the Bylaws as set out in the Bylaws and this Governance Matrix.

	THE FOLLOWING RESERVED RIGHTS APPLY ONLY TO CATHOLIC ENTITIES:[1]					
1	**Mission, Vision and Values**		**Local Board**	**CHN Board**	**SJHS Board**	**SJHM**
1.1		Approve revisions to mission, vision and values	X		X	X
2	**Articles and Bylaws; Governance Matrix**		**Local Board**	**CHN Board**	**SJHS Board**	**SJHM**

[1] The Catholic Entities shall continue to follow the processes for collaboration between management, governance, and sponsorship described in the Authority Matrix, the Governance Manual, and the SJHS Policies & Procedures, as they may be modified from time to time, but only to the extent that doing so is not inconsistent with the rights and powers described in this Governance Matrix.

2.1		Approve any amendments to Local Ministry Articles	X		X	X[2]
2.2		Approve any amendments to Local Ministry Bylaws (other than with respect to this Governance Matrix, which is addressed in 2.3 and 15.2 below)	X[3]	X	X	X[4]
2.3		Approve any amendment to this Governance Matrix (other than amendments with respect to provisions that apply only to Hoag, which are addressed in 15.2 of this Governance Matrix)		X	X	X
3	**Transactions or Disposition of Assets[5]**		**Local Board**	**CHN Board**	**SJHS Board**	**SJHM**
3.1		Approve transaction involving sale, lease, transfer, hypothecation or other encumbrance with respect to a portion (but less than substantially all) of Local Ministry assets[6]	X	X	X	
3.2		Approve transaction involving sale, lease, transfer, hypothecation or other encumbrance with respect to all or substantially all of Local Ministry assets	X	X	X	X
3.3		Approve a merger, consolidation or dissolution of any Local Ministry	X	X	X	X

[2] Approval required unless amendment is within deemed approval policy, in which case approval by SJHS board.

[3] Consider and recommend amendment to bylaws.

[4] Approval required unless amendment is within deemed approval policy, in which case approval by SJHS board.

[5] All approvals under this Section 3 are subject to any applicable approval authority reserved to the Holy See under Canon Law.

[6] Local Ministry board approves management recommendation; CHN board then approves transaction, with final approval by SJHS board.

3.4		Approve any transaction[7] with ERD and/or Catholic identity implications	X	X	X	X
4	**Disposition of Real Property[8]**		**Local Board**	**CHN Board**	**SJHS Board**	**SJHM**
4.1		Approve disposition of Local Ministry owned real property	X	X[9]	X[10]	X
5	**Sale or Disposition of Entire Catholic Entity[11]**		**Local Board**	**CHN Board**	**SJHS Board**	**SJHM**
5.1		Approve the sale or disposition of any Catholic Entity; final approval authority is reserved to the Holy See	X	X	X	X

[7] Includes creation of, or majority investment in, a SJHS-affiliated and legally recognized entity; joint ventures; management of non-Catholic sponsored entities; and service lines.

[8] All approvals under this Section 4 are subject to any applicable approval authority reserved to the Holy See under Canon Law.

[9] Approval required unless disposition is within deemed approval policy, in which case approval by Local Ministry board alone is sufficient.

[10] Approval required unless disposition is within deemed approval policy, in which case approval by Local Ministry board alone is sufficient.

[11] All approvals under this Section 5 are subject to any applicable approval authority reserved to the Holy See under Canon Law.

6	**Ministry Portfolio**					
6.1	Approve changes to Ministry Effectiveness Strategy (MES)				X	
6.2	Approve changes to ministry portfolio and, as necessary, recommend approval of alienations to Holy See					X
7	**Appointment and Removal of Trustees of Local Ministries**		**Local Board**	**CHN Board**	**SJHS Board**	**SJHM**
7.1		When the bylaws of a Catholic Entity provide that one or more of the trustees shall be designated by SJHM, then SJHM shall have the exclusive right to designate and/or remove said trustees				X
7.2		Nominate and elect trustees	X	X[12]	X	X
7.3		Remove trustees		X[13]	X	

[12] Nomination of trustees by Local Ministry board, approval of nomination by SJHS and SJHM, with final election by CHN.

[13] Final approval of removal by CHN board.

8	**Election and Removal of Officers**		**Local Board**	**CHN Board**	**SJHS Board**	**SJHM**
8.1	Appoint Local Ministry CEO		X	X	X[14]	
8.2	Remove Local Ministry CEO				X	
8.3	Appoint Chair and Vice Chair[15]		X	X	X	X
8.4	Remove Chair or Vice Chair			X	X	
9	**Diversity Standards and Goals for Trustees**		**Local Board**	**CHN Board**	**SJHS Board**	**SJHM**
9.1		Approve diversity standards/ goals and nomination/selection process, and any changes thereto				X[16]
10	**Ethical and Religious Directives and Catholic Identity**		**Local Board**	**CHN Board**	**SJHS Board**	**SJHM**
10.2		Approve advocacy statements and/or positions impacting Catholic identity				X
10.3		Approve any new clinical research opportunities with potential to impact Catholic identity				X[17]

[14] Local Ministry board approves candidate for presentation to CHN, CHN board approves candidate by simple majority for presentation to SJHS board, appointment of CEO by SJHS board.

[15] Nomination of Board Chair, Vice Chair by Local Ministry board, approval of nominations by SJHS and SJHM, with final selection by CHN.

[16] Approval based on recommendations of CHN and SJHS boards.

[17] Approval based on recommendations of CHN and SJHS boards.

10.4		Examine and take appropriate action in regard to any ERD issues related to business development opportunities that should likely be reported to Church officials				X[18]
11	**Names; Use of Trademarks**		**Local Board**	**CHN Board**	**SJHS Board**	**SJHM**
11.1		Approve name change of a Catholic Entity	X		X	
11.2		Approve name change of St. Joseph Health System				X
11.3		License or authorize the use of any trademarks or trade names held by any Catholic Entity or SJHS			X	X
12	**Investing**					
12.1		Approve policies for socially responsible investing, or any changes thereto			X	X
13	**Labor Relations**		**Local Board**	**CHN Board**	**SJHS Board**	**SJHM**
13.1		Approve SJHS Code of Conduct			X	
	THE FOLLOWING RESERVED RIGHTS APPLY ONLY TO HOAG:					
14	**Mission**		**Hoag Board**	**CHN Board**	**HFF and APM**	
14.1		Approve revisions to mission of Hoag (other than those that would require an amendment to the Articles)	X		X	

[18] In collaboration with the Local Ministry board and SJHS management and/or board.

15	**Articles and Bylaws; Governance Matrix**		**Hoag Board**	**CHN Board**	**HFF and APM**	
15.1		Approve any amendment to Articles or Bylaws of Hoag	X	X*	X	
15.2		Approve any amendments to this Governance Matrix with respect to those provisions that apply to Hoag	X	X*	X	
16	**Name**		**Hoag Board**	**CHN Board**	**HFF and APM**	
16.1		Approve name change of Hoag	X		X	
17	**Transactions or Disposition of Assets**		**Hoag Board**	**CHN Board**	**HFF and APM**	
17.1		Approve a sale of all or substantially all of Hoag's assets, or merger or dissolution of Hoag	X	X*	X	
18	**Selection Process for Directors of Hoag**		**Hoag Board**	**CHN Board**	**HFF and APM**	
18.1		Nominate candidates for the Hoag Board	X			
18.2		Approve Hoag Director(s)		X*	X	
18.3		Remove Hoag Director(s)	X	X*	X	
19	**Hoag CEO (as a Hoag corporate officer)**		**Hoag Board**	**CHN Board**	**HFF and APM**	
19.1		Approve Hoag CEO	X	X*		
19.2		Remove Hoag CEO		X*		

* Requires Supermajority.

	THE FOLLOWING RESERVED RIGHTS APPLY TO COVENANT HEALTH NETWORK:				
20	**Articles and Bylaws/Adoption or Change of Statement of Common Values[19]**	**Local Board**	**CHN Board**	**SJHS Board**	**SJHM**
20.1	Approve any amendment to Articles or Bylaws of CHN		X*		
20.2	Adoption of Statement of Common Values[20]		X		
20.3	Changes to Statement of Common Values[21]		X	X	
21	**Covenant Health Network CEO**	**Local Board**	**CHN Board**	**SJHS Board**	**SJHM**
21.1	Appoint the CHN CEO[22]		X*	X	

[19] The Statement of Common Values does not apply to medical staff physicians providing patient care services in their own private practice locations.

[20] CHN shall have the right to adopt the SJHS Statement of Common Values dated December 12, 2012, and, when adopted, such shall apply to all non-Catholic entities of which CHN is a member, provided that (1) no provision of the SJHS Statement of Common Values, and no changes to the SJHS Statement of Common Values, shall apply to, or be binding on, CHN or Hoag to the extent that such provision or change contradicts any express term of the Affiliation Agreement dated October 15, 2012, to which SJHS and Hoag are parties, as the same may be amended from time to time, and further provided that (2) if the SJHS Statement of Common Values would restrict procedures provided by Hoag, such restriction will not be imposed on Hoag without the consent of Hoag. Additionally, any change in procedures provided by Hoag that potentially puts the Catholic identity of SJHS or any of its Catholic affiliates at risk shall require the consent of SJHS. The parties agree to engage in a collaborative process to explore reasonable options before withholding their respective consents pursuant to this footnote 20.

[21] Please see footnote 20, which is incorporated herein.

[22] CHN CEO to be an employee of SJHS; recommendation for appointment as CHN CEO to be presented to CHN Board by SJHS, and final appointment to be made by Supermajority vote of CHN Board.

* Requires Supermajority.

21.2		Remove the CHN CEO[23]		X*		
22	**Transactions or Disposition of Assets of CHN**		**Local Board**	**CHN Board**	**SJHS Board**	**SJHM**
22.1		Approve the merger, acquisition, sale or disposition of substantially all of the assets of CHN		X	X	
23	**New Business and Growth**		**Local Board**	**CHN Board**	**SJHS Board**	**SJHM**
23.1		Approve Growth Opportunity		X*	X	Advance notice of new service line proposals and other business development opportunities implicating ERDs
23.2		Approve entry into a management agreement of a non-Catholic facility		X	X	X

[23] CHN Board may remove CHN CEO by Supermajority vote, after consultation with SJHS CEO.

*Requires Supermajority.

24	**Finance**		**Local Board**	**CHN Board**	**SJHS Board**	**SJHM**
24.1		Approve long-term capital lease			X	
24.2		Approve long and short term financing			X	
24.3		Approve changes to the obligated group and master indenture			X	
24.4		Approve bond issuance			X	
24.5		Approve and oversee the SJHS debt structure and any changes to it, including the use of new debt vehicles			X	
24.6		Through June 30, 2016, approve revisions to the capital plans of Hoag or a Local Ministry in accordance with the terms of the Affiliation Agreement		X*		
24.7		Through June 30, 2016, approve Equity Transfers out of CHN in accordance with the terms of the Affiliation Agreement		X*		
25	**Cash Management and Investment**		**Local Board**	**CHN Board**	**SJHS Board**	**SJHM**
25.1		Approve revisions to the Cash Management, Investment Policy			X	
26	**Budgets**		**Local Board**	**CHN Board**	**SJHS Board**	**SJHM**
26.1		Approve budget prepared by local management	X			
26.2		Approve budget of each CHN subsidiary		X		
26.3		Approve annual consolidated budget			X	

* Requires Supermajority.

27	**Unbudgeted Expenditures**		**Local Board**	**CHN Board**	**SJHS Board**	**SJHM**
27.1		Approve unbudgeted capital and operating expenditures that are less than $500,000	X			
27.2		Approve unbudgeted capital and operating expenditures that are more than $2,500,000, but less than $5,000,000		X*		
27.3		Approve unbudgeted capital and operating expenditures that are $5,000,000 or more but less than or equal to $50,000,000			X	
27.4		Approve unbudgeted capital and operating expenditures that are more than $50,000,000				X
28	**Audits**		**Local Board**	**CHN Board**	**SJHS Board**	**SJHM**
28.1		Appoint and/or remove fiscal auditors			X	
29	**Community Needs and Benefit**		**Local Board**	**CHN Board**	**SJHS Board**	**SJHM**
29.1		Approve local community needs assessment and plan	X			
29.2		Approve regional community needs assessment and plan		X		
29.3		Approve annual consolidated community benefit report			X	
29.4		Approve Financial Assistance Policy and changes to thereto			X	

* Requires Supermajority.

30	**Advocacy**		**Local Board**	**CHN Board**	**SJHS Board**	**SJHM**
30.1		Approve local advocacy priorities	X			
30.2		Approve annual region-wide advocacy priorities		X		
30.3		Approve annual system-wide advocacy priorities			X	
30.4		Approve any advocacy statement and/or position that is to be represented as the SJHS Board position			X	
30.5		Approve advocacy statements and/or positions impacting Catholic identity				X
31	**Quality of Care**		**Local Board**	**CHN Board**	**SJHS Board**	**SJHM**
31.1		Approve annual region-wide metrics for quality of care and safety		X		
31.2		Approve annual System-wide metrics for quality of care and safety			X	
32	**Strategy and planning**		**Local Board**	**CHN Board**	**SJHS Board**	**SJHM**
32.1		Approve local Integrated Strategic and Financial Plan	X			
32.2		Approve region-wide consolidated Integrated Strategic and Financial Plan		X*		
32.3		Approve system-wide consolidated Integrated Strategic and Financial Plan			X	
32.4		Approve system-wide strategy			X	
32.5		Approve local master facility plan	X			

* Requires Supermajority.

32.6		Approve region-wide master facility plan		X		
32.7		Approve system-wide master facility plan and release of capital to fund it			X	
33	**Quality of Worklife**		**Local Board**	**CHN Board**	**SJHS Board**	**SJHM**
33.1		Approve quality of worklife policy and standards			X	
34	**Performance review & compensation**		**Local Board**	**CHN Board**	**SJHS Board**	**SJHM**
34.1		Provide input relative to Local Ministry CEO performance and salary adjustment	X			
34.2		Provide input relative to CHN CEO performance and salary adjustment		X		
34.3		Approve executive compensation philosophy and process, living wage			X	
35	**Governance**		**Local Board**	**CHN Board**	**SJHS Board**	**SJHM**
35.1		Approve medical staff bylaws and oversee processes for credentialing and peer review	X			
35.2		Approve governance standards, manual and handbooks as well as SJHS Corporate Responsibility program			X	
35.3		Approve any amendment to this Governance Matrix (other than amendments with respect to provisions that apply only to Hoag, which are addressed in 15.2 of this Governance Matrix)		X	X	X

DEFINITIONS

1	**APM** shall mean Association of Presbyterian Members.
2	**Affiliation Agreement** shall mean the Affiliation Agreement among St. Joseph Health System, Mission Hospital Regional Medical Center, St. Jude Hospital, St. Joseph Hospital of Orange, St. Mary Medical Center, Hoag Memorial Hospital Presbyterian, and Covenant Health Network, Inc., dated October 15, 2012, as the same may be amended by the parties.
3	**Catholic Entities** shall mean any legally recognized entity (e.g., corporation, partnership, limited liability company, etc.) that (a) furthers the goals of SJHM; (b) is publicly identified with St. Joseph Health Ministry; (c) for which SJHM has responsibility and moral accountability for mission, sponsorship and ethics as identified within the ERDs, and provides support for and influence on; and (d) which is subject to Canon Law.
4	**CHN** shall mean Covenant Health Network, Inc., a California nonprofit public benefit corporation.
5	**Equity Transfer** shall mean transfer of cash or other assets or forgiveness of obligations between nonprofit organizations when one controls the other or both are under common control, with no expectation of repayment and with no new or increased ownership, membership or financial interest in transferee, but subject to any limitations set forth in the applicable bond master trust indenture(s).
6	**ERD** shall mean the Ethical and Religious Directives for Catholic Health Care Services, as approved, issued and amended from time to time by the United States Conference of Catholic Bishops.
7	**Governing Documents** shall mean those documents that govern the operation of an entity, for example the bylaws of a corporation, the operating agreement of a limited liability company, or the limited partnership agreement of a limited liability partnership.
8	**Growth Opportunities** means (i) transactions in which revenue or goodwill are purchased; (ii) equity business arrangements, including, without limitation, stock, a partnership interest, a member interest in a limited liability company or pursuant to a joint operating agreement or other arrangement, including a membership interest in a nonprofit corporation; and (iii) all new business lines, including regional or new markets and hospital, surgery center or other business opportunities.
9	**HFF** shall mean Hoag Family Foundation.
10	**Hoag Members** shall mean the George Hoag Family Foundation and Association of Presbyterian Members.
11	**Joint Venture** shall mean any ownership interest in a partnership, corporation, or limited liability company which is less than wholly owned or controlled by the corporation or a subsidiary, except for such an interest acquired solely as a passive investment pursuant to the corporation's Investment Policy. General partnership interests shall be treated as joint ventures.
12	**Local Ministry** shall mean any of the SJHS Southern California Hospitals.
13	**SJHM** shall mean St. Joseph Health Ministry, a California nonprofit public benefit corporation.
14	**SJHS** shall mean St. Joseph Health System, a California nonprofit public benefit corporation.

15	**SJHS Southern California Hospitals** shall mean Mission Hospital Medical Center, St. Jude Hospital, St. Joseph Hospital of Orange, and St. Mary Medical Center.
16	**Supermajority** means the affirmative vote of three of the four CHN board members designated by SJHS, and two of the three CHN board members designated by APM and HFF.

CERTIFICATE OF SECRETARY

I certify that I am the duly elected and acting Secretary of St. Mary Medical Center, a California nonprofit public benefit corporation; that the foregoing Amended and Restated Bylaws, consisting of 18 pages, together with the Governance Matrix attached thereto as Appendix A consisting of 15 pages, are the current bylaws of this corporation as approved by the Board of Trustees and the Members of the corporation effective as of February 28, 2013; and that these Amended and Restated Bylaws have not been amended or modified since that date.

Executed on this _____ day of March, 2013, at Apple Valley, California.

_____

John Perring-Mulligan, Secretary

#13

11 Cal. Code Reg. Section 999.5(d)(4)(B)

Applicant's plan for use of the net proceeds after the close of the proposed transaction together with a statement explaining how the proposed plan is as consistent as possible with existing charitable purposes and complies with all applicable charitable trusts that govern use of applicant's assets. The plan must include any proposed amendments to the articles of incorporation or bylaws of the applicant or any entity related to the applicant that will control any of the proceeds from the proposed transfer

The Transaction involves SMMC contributing substantially all of the assets and operations comprising the Hospital to the LLC. The LLC will be majority owned and controlled by SMMC. The net proceeds from the Transaction, which effectively equal KFH's initial capital contribution for its ownership interest in the LLC (as described further in the Contribution Agreement and Operating Agreement), will be used to build the new replacement Hospital facility and fund the continuing operations of the Hospital in furtherance of its charitable mission.

11 Cal. Code Reg. Section 999.5(d)(5)

IMPACTS ON HEALTHCARE SERVICES

#14

11 Cal. Code Reg. Section 999.5(d)(5)(A)

A copy of the two most recent "community needs assessments" prepared by applicant for health facilities that are the subject of the agreement or transaction

1. Attached to this Section 999.5(d)(5)(A) as **Exhibit 1** is the SMMC Community Needs Assessment for fiscal year 2019.

2. Attached to this Section 999.5(d)(5)(A) as **Exhibit 2** is the SMMC Community Needs Assessment for fiscal year 2017.

Exhibit 1 to Section 999.5(d)(5)(A)

COMMUNITY HEALTH NEEDS ASSESSMENT

2019

St. Mary Medical Center

City recognition of St. Jude Neighborhood clinic expanding services in Adelanto and Victorville, CA

To provide feedback about this CHNA or obtain a printed copy free of charge, please email Kevin Mahany at Kevin.Mahany@stjoe.org

Providence St. Joseph Health

CONTENTS

MESSAGE TO THE COMMUNITY AND ACKNOWLEDGEMENTS

It is with great pleasure we present the 2019 Community Health Needs Assessment for St. Mary Hospital. As a member of Providence St. Joseph Health, we are proud to call the High Desert "home," and to engage our community in identifying and prioritizing the most pressing community health needs.

We are very grateful to the Department of Public Health, County of San Bernardino, Community Vital Signs Department (CVS) for sharing their data. Specifically, health indicator data and community input from the hospital's service area was incorporated into this assessment.

I invite you to read this report and listen to our community's voice, through the data, tables and maps and prioritized needs. Our community's voice guides us to respond, through our Community Benefit, with the programs we design and key partnerships, as well as donations of expertise, grant funds and capital.

When committing to Community Benefit, at the forefront of all decisions, we want our High Desert neighbors to have healthier communities to live, work, play and worship in, and for our beloved values to be experienced by all – compassion, dignity, justice, excellence and integrity.

EXECUTIVE SUMMARY

Understanding and Responding to Community Needs, Together

Improving the health of our communities is foundational to our Mission and deeply rooted in our heritage and purpose. Our Mission calls us to be steadfast in serving all, with a special focus on our most economically poor and vulnerable neighbors. This core belief drives the programs we build, investments we make, and strategies we implement.

Knowing where to focus our resources starts with our Community Health Needs Assessment (CHNA), an opportunity in which we engage the community every three years to help us identify and prioritize the most pressing needs, assets, and opportunities. The 2019 CHNA was approved by the St. Mary Community Benefit Committee on November 6, 2020.

Our Starting Point: Gathering Community Health Data and Community Input

Through a mixed-methods approach using quantitative and qualitative data, the CHNA process used several sources of information to identify community needs. Across the High Desert, information collected includes Department of Public Health, County of San Bernardino, Community Vital Signs (CVS). It was decided that the focus groups conducted by the Department of Public Health, County of San Bernardino, CVS would be utilized in place of planned focus groups due to the impacts of the COVID-19 pandemic and limited gatherings.

The County of San Bernardino's Department of Public Health identified 58 health needs and narrowed those down to 18. These 18 needs were included for further review and prioritization through St. Mary Medical Center's Community Health Needs Assessment process.

Identifying Top Health Priorities, Together

Through a collaborative process engaging Community Benefit Committee members and the Director of Community Health Investment, the hospital worked from a list of the eighteen (18) health and social needs identified by the CVS process. The Director of Community Health Investment further developed a point system to assign each of the eighteen (18) identified needs to gain perspective and develop a hierarchy of which top needs have the potential to offer the highest impact in the High Desert. Each need was listed, and assessed based on the following:

- Trend over time (Getting "Worse" or "Better")
- Impact on low-income or communities of color ("Very High" to "Very Low")
- Are "High Need Areas" worse off than state averages? ("Yes" or "No")
- Opportunity for Impact ("Low" to "Very High")
- Alignment with System Priorities ("Yes" or "No")
- Community Vital Signs Priority ("Yes" or "No")
- Attorney General Requirement ("Yes" or "No")

Based upon the scoring system and discussion, St. Mary's Community Benefit Committee identified the following priorities:

PRIORITY 1: ACCESS TO CARE

Creating awareness of current services and advocate with residents to increase or bring new services and outreach to high needs neighborhoods.

PRIORITY 2: MENTAL HEALTH

Creating awareness and education regarding mental health and substance use, particularly amongst the Latino/a population, and ultimately bringing resources that address these in a meaningful and dignified way.

PRIORITY 3: HOMELESSNESS & HOUSING INSTABILITY

Investing in housing and services to support those experiencing homelessness to increase access to housing and meet the chronic health needs of populations experiencing homelessness.

PRIORITY 4: OBESITY

Creating opportunities for physical activity and nutrition education. Advocating for more supermarkets in neighborhoods with low incomes and increasing access to parks will lead to healthier communities.

St. Mary Medical Center also assists the community as it addresses crime and economic development initiatives led by city government, law enforcement and the education community.

St. Mary Medical Center will develop a three-year Community Health Improvement Plan (CHIP) to respond to these prioritized needs in collaboration with community partners in late 2020 considering resources, community capacity, and core competencies. The 2020-2022 CHIP will be approved and made publicly available no later than December 31, 2020.

INTRODUCTION

Mission, Vision, and Values

Our Mission	As expressions of God's healing love, witnessed through the ministry of Jesus, we are steadfast in serving all, especially those who are poor and vulnerable.
Our Vision	Health for a Better World.
Our Values	Compassion — Dignity — Justice — Excellence — Integrity

Who We Are

St. Mary Medical Center (SMMC) is an acute-care hospital founded in 1956 and located in Apple Valley, CA. The hospital has 213 licensed beds, 213 of which are currently available, and a campus that is approximately 35 acres in size. SMMC has a staff of more than 1,750 and professional relationships with more than 450 local physicians. Major programs and services offered to the community include the following: care for breast cancer, care for diabetes, cardiology, emergency services, imaging, maternity care, outpatient testing, rehabilitation, respiratory services, stroke care, surgical services, vascular services, care for women and children, and wound care.

Our Commitment to Community

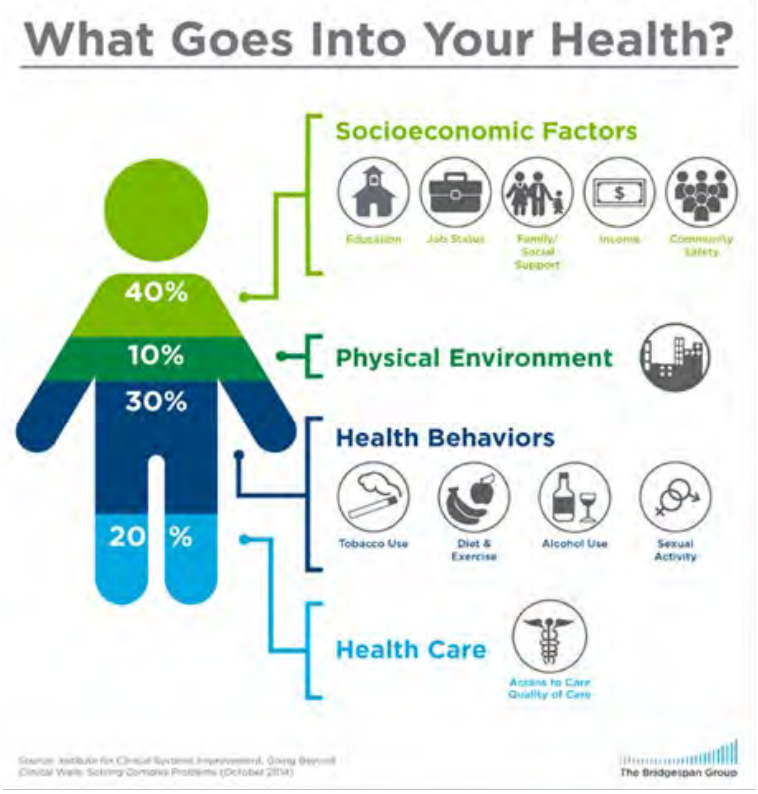
SMMC dedicates resources to improve the health and quality of life for the communities it serves, with special emphasis on the needs of the economically poor and vulnerable. During 2019 our hospital provided $15,736,191 in Community Benefit in response to unmet needs and to improve the health and well-being of those we serve in the High Desert region. Many other health care providers also serve the regions, including Desert Valley Hospital, Kaiser Permanente High Desert/Victorville, Victor Valley Global Medical Center, Borrego Federally Qualified Health Center (FQHC), and Mission FQHC.

SMMC further demonstrates organizational commitment to the Community Health Needs Assessment (CHNA) and Community Benefit through the allocation of staff time, financial resources, and participation and collaboration to address community identified needs. The Regional Director of Community Health Investment for Southern California – PSJH and Director of Community Health Investment are responsible for ensuring the compliance of Federal 501r requirements as well as providing the opportunity for community leaders and internal hospital leadership, physicians, and others to work together in planning and implementing the resulting Community Health Improvement Plan (CHIP).

Health Equity

At Providence St. Joseph Health, we acknowledge that all people do not have equal opportunities and access to living their fullest, healthiest lives due to systems of oppression and inequities. We are committed to ensuring health equity for all by addressing the underlying causes of racial and economic inequities and health disparities. Our Vision is "Health for a Better World," and to achieve that we believe we must address not only the clinical care factors that determine a person's length and quality of life, but also the social and economic factors, the physical environment, and the health behaviors that all play an active role in determining health outcomes (see Figure 1[1]).

Figure 1. Factors Contributing to Overall Health and Well-being



The Community Health Needs Assessment (CHNA) is an important tool we use to better understand health disparities and inequities within the communities we serve, as well as the community strengths and assets (see Figure 2 for definition of terms[2]). Through the literature and our community partners, we know that racism and discrimination have detrimental effects on community health and well-being. We recognize that racism and discrimination prevent equitable access to opportunities and the ability of all community members to thrive. We name racism as contributing to the inequitable access to all the determinants of health that help people live their best lives, such as safe housing, nutritious food, responsive health care, and more.

Figure 2. Definitions of Key Terms

Health Equity

A principle meaning that "everyone has a fair and just opportunity to be as healthy as possible. This requires removing obstacles to health such as poverty, discrimination, and their consequences, including powerlessness and lack of access to good jobs with fair pay, quality education and housing, safe environments, and health care. For the purposes of measurement, health equity means reducing and ultimately eliminating disparities in health and its determinants that adversely affect excluded or marginalized groups." (Braverman, et al., 2017)

Health Disparities

Preventable differences in the burden of disease or health outcomes as a result of systemic inequities.

To ensure that equity is foundational to our CHNA, we have developed an equity framework that outlines the best practices that each of our hospitals will implement when completing a CHNA. These practices include, but are not limited to the following:

Approach

Explicitly name our commitment to equity

Take an asset-based approach, highlighting community strengths

Use people first and non-stigmatizing language

Community Engagement

Actively seek input from the communities we serve using multiple methods

Implement equitable practices for community participation

Report findings back to communities

Quantitative Data

Report data at the block group level to address masking of needs at county level

Disaggregate data when responsible and appropriate

Acknowledge inherent bias in data and screening tools

OUR COMMUNITY

Description of Community Served

SMMC provides High Desert communities with access to advanced care and advanced caring. The hospital's community extends from Apple Valley in the north, Hesperia in the south, Lucerne Valley in the east and Adelanto in the west. This includes a population of approximately 375,000 people. This service area represents District 1 of the County's Public Health Community Vital Signs project. See Figure 3 on the following page for a map of the service area.

Hospital Service Area

The service area for St. Mary Medical Center was defined using census tracts inside the cities of Adelanto, Apple Valley, Helendale, Hesperia, Lucerne Valley, Oro Grande and Victorville. In total there are 50 census tracts within the service area.

Within a medical center's service area is a high need service area based on social determinants of health related to the inhabitants of that census tract. Based on work done by the Public Health Alliance of Southern California and their Healthy Places Index (HPI) tool the following variables were used in the calculation of a high need census tract:

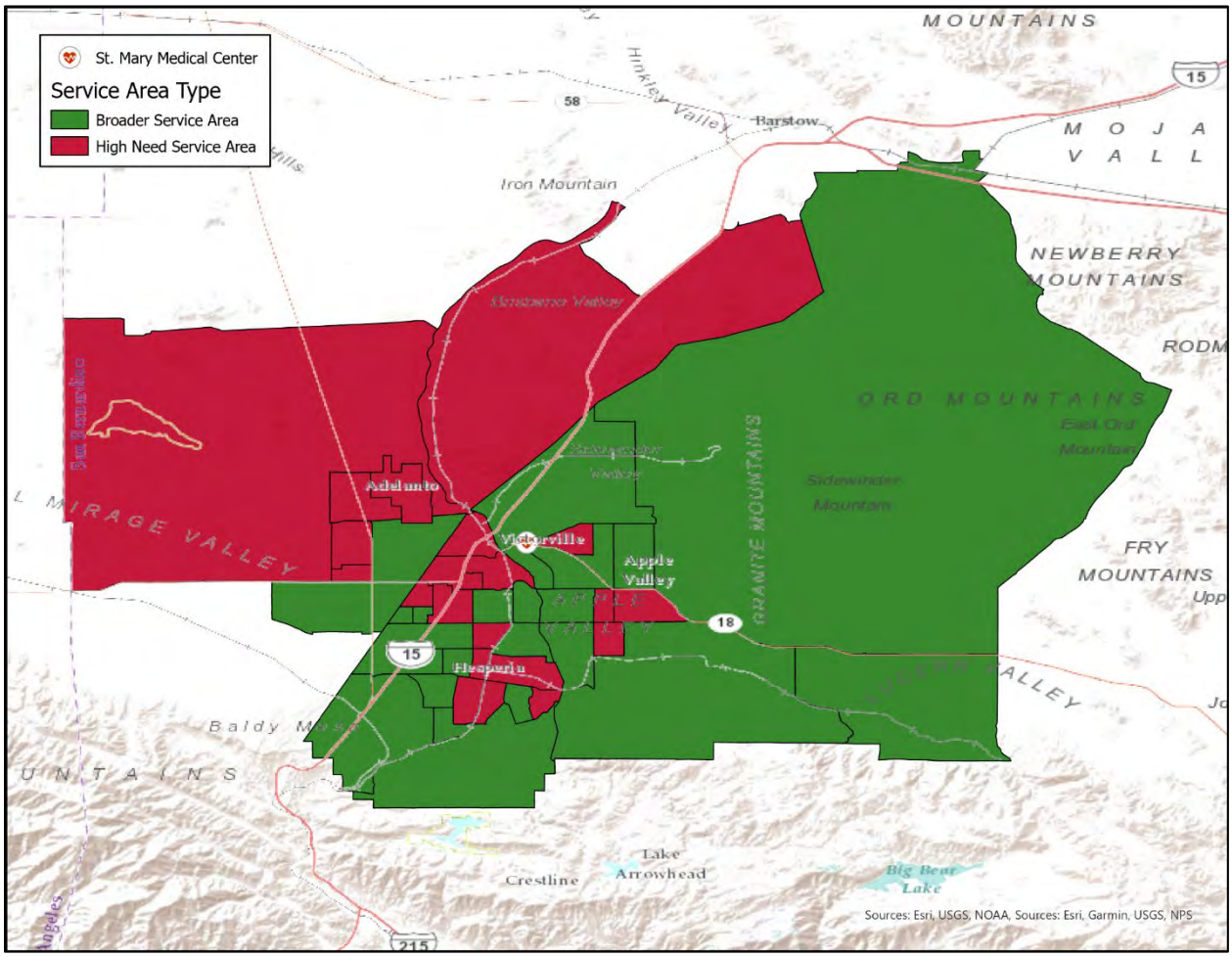
- Population Below 200% the Federal Poverty Level (FPL) (2019, American Community Survey)
- Percent of Population with at least a high school education (2019, American Community Survey)
- Percent of population who are unemployed (2019, American Community Survey)
- Life Expectancy at Birth (Estimates based on 2010 – 2015 data, CDC)

For this analysis, census tracts with more people below 200% FPL, fewer people with at least a high school education, more people who are unemployed, and a lower life expectancy at birth were identified as "high need". Ultimately, a census tract was given a score between 0 and 1 where 0 represents the best performing census tract. Census tracts that scored over the mean were categorized as a high need area.

Table 1. Cities and ZIP Codes Included in Total Service Area

Cities/ Communities	ZIP Codes
Adelanto	92301
Apple Valley	92307, 92308
Helendale	92342
Hesperia	92344, 92345
Lucerne Valley	92356
Oro Grande	92368
Victorville	92392, 92394, 92395

Figure 3. St. Mary Medical Center Total Service Area



Adelanto in its entirety is designated as a high need service area, as well as some sections of Apple Valley, Hesperia, and Victorville.

Community Demographics

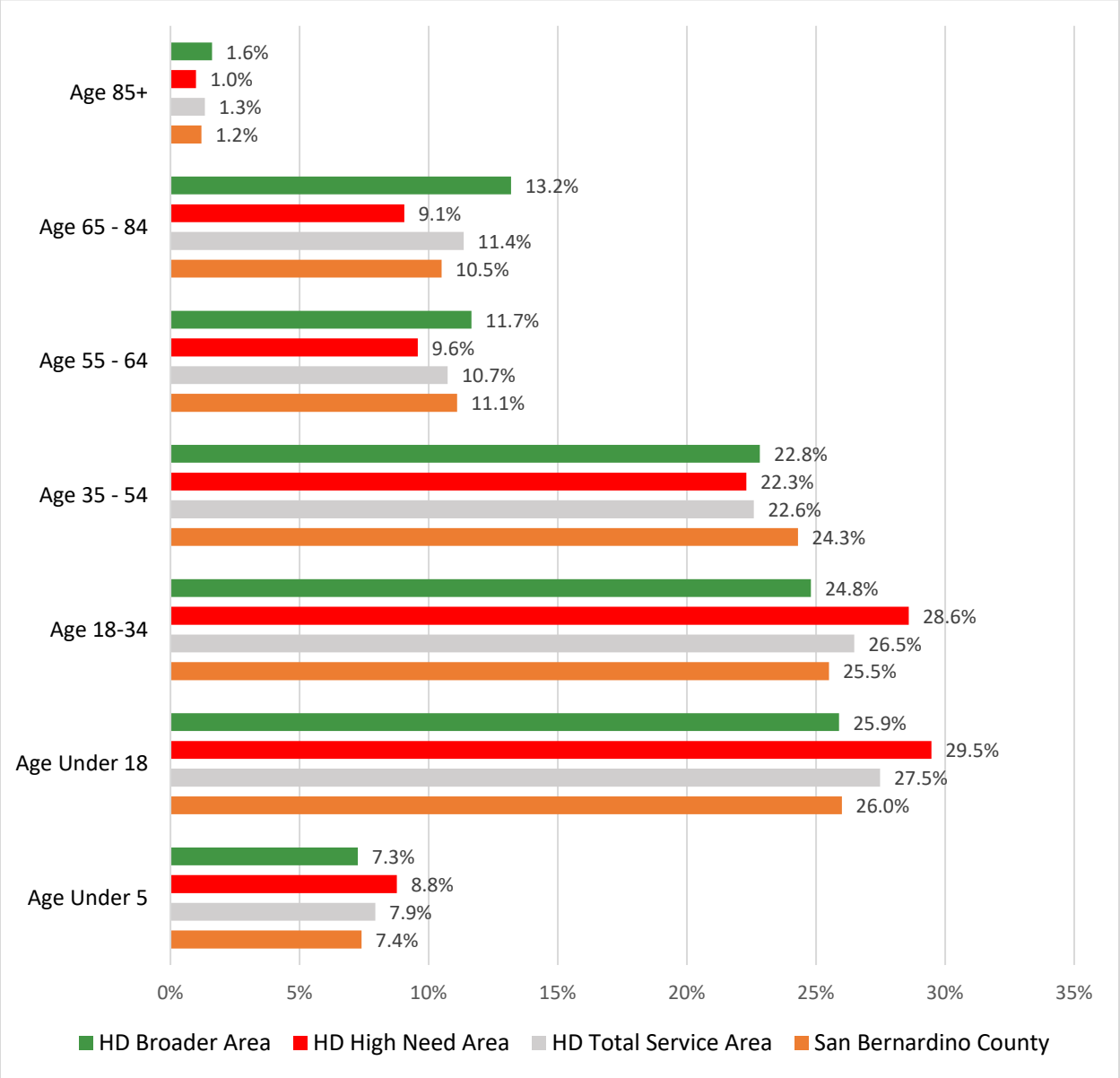
POPULATION AND AGE DEMOGRAPHICS

Table 2. Population Demographics for High Desert Service Areas

Indicator	High Desert Broader Service Area	High Desert High Need Service Area	High Desert Total Service Area	San Bernardino County
2019 Total Population	207,943	165,479	373,422	2,188,174
Female Population	50.8%	49.5%	50.2%	50.3%
Male Population	49.2%	50.5%	49.8%	49.7%

Of the over 370,000 permanent residents in the total service area, roughly 44% live in the high need area. The population in the High Desert total service area makes up 17% of San Bernardino County.

Figure 4. Age Groups by Geography in High Desert Service Areas



The high need service area has a higher percentage of people under 34 years compared to the broader service area.

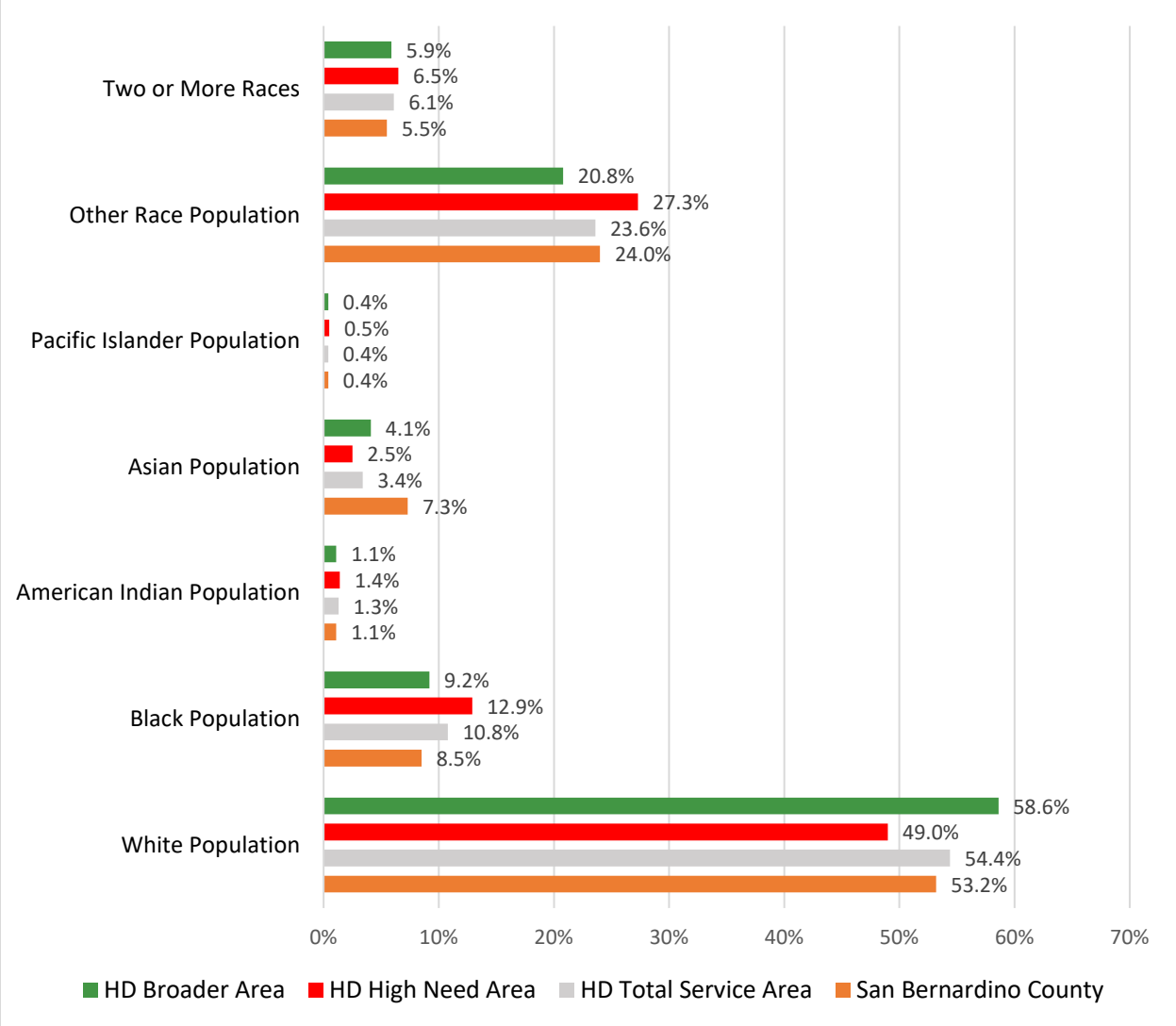
POPULATION BY RACE AND ETHNICITY

Table 3. Hispanic Population by Geography in High Desert Service Area

Indicator	High Desert Broader Service Area	High Desert High Need Service Area	High Desert Total Service Area	San Bernardino County
Hispanic Population	45.8%	56.3%	50.4%	54.6%

Individuals who identify as Hispanic, "other" race, and Black are more likely to live in high need census tract. People identifying as Asian and white are less likely to live in high need census tracts.

Figure 5. Race by Geography in High Desert Service Areas



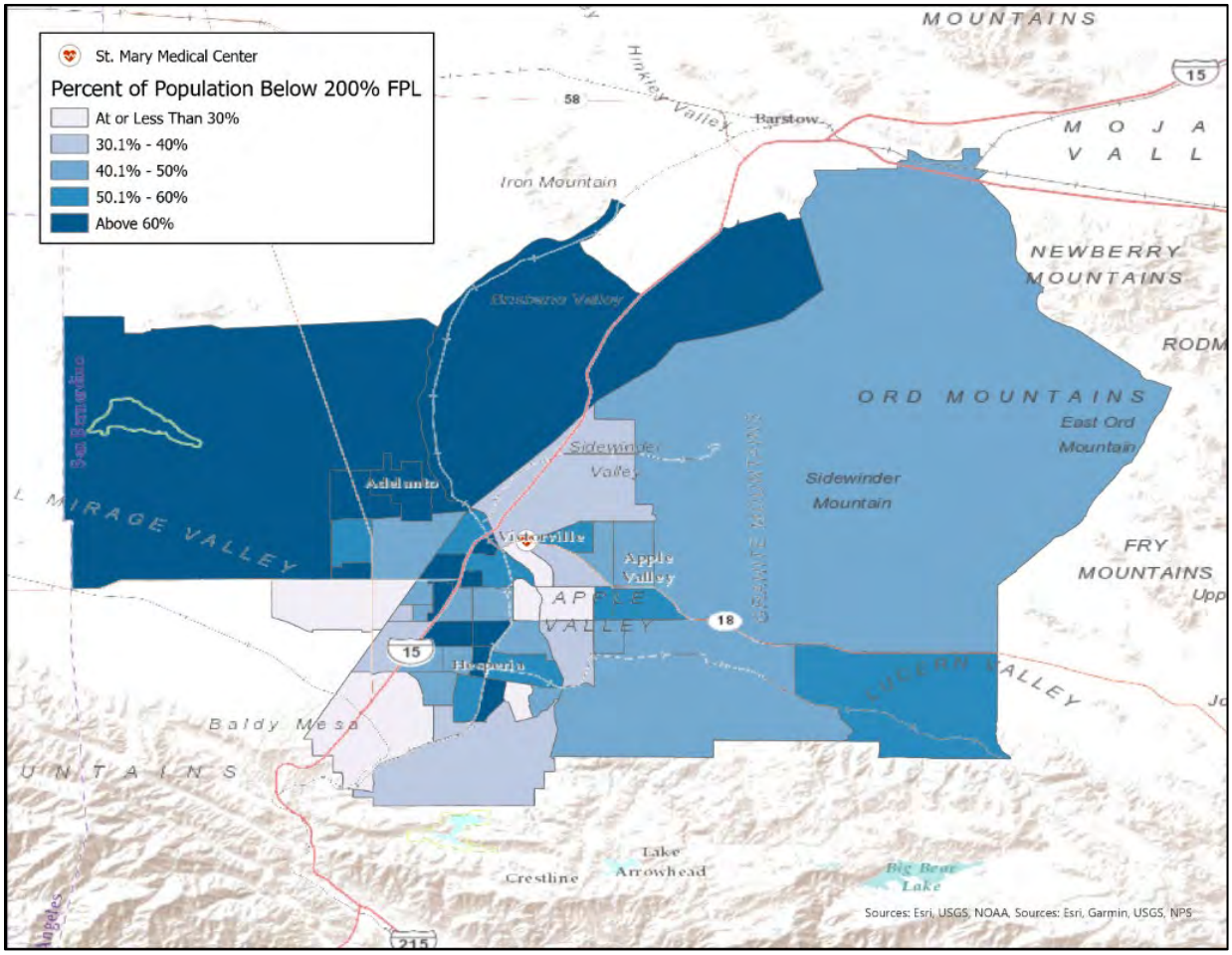
HOUSEHOLDS LIVING AT OR BELOW 200% FEDERAL POVERTY

The population in SMMC's service area is more likely to be at or below 200% Federal Poverty compared to San Bernardino County overall, including nearly 60% of households in the high need service area. For reference, 200% FPL is equivalent to an annual household income of $51,500 or less for a family of 4. These households are more likely to regularly make spending tradeoffs regarding utilities, rent, groceries, medicine, and other basic expenses.

Table 4. Percent of Population Below 200% FPL for High Desert Service Areas

Indicator	High Desert Broader Service Area	High Desert High Need Service Area	High Desert Total Service Area	San Bernardino County
Percent of Population Below 200% Federal Poverty Level Data Source: American Community Survey Year: 2019	35.9%	59.8%	46.3%	40.0%

Figure 6. Percent of Population Below 200% FPL by Census Tract

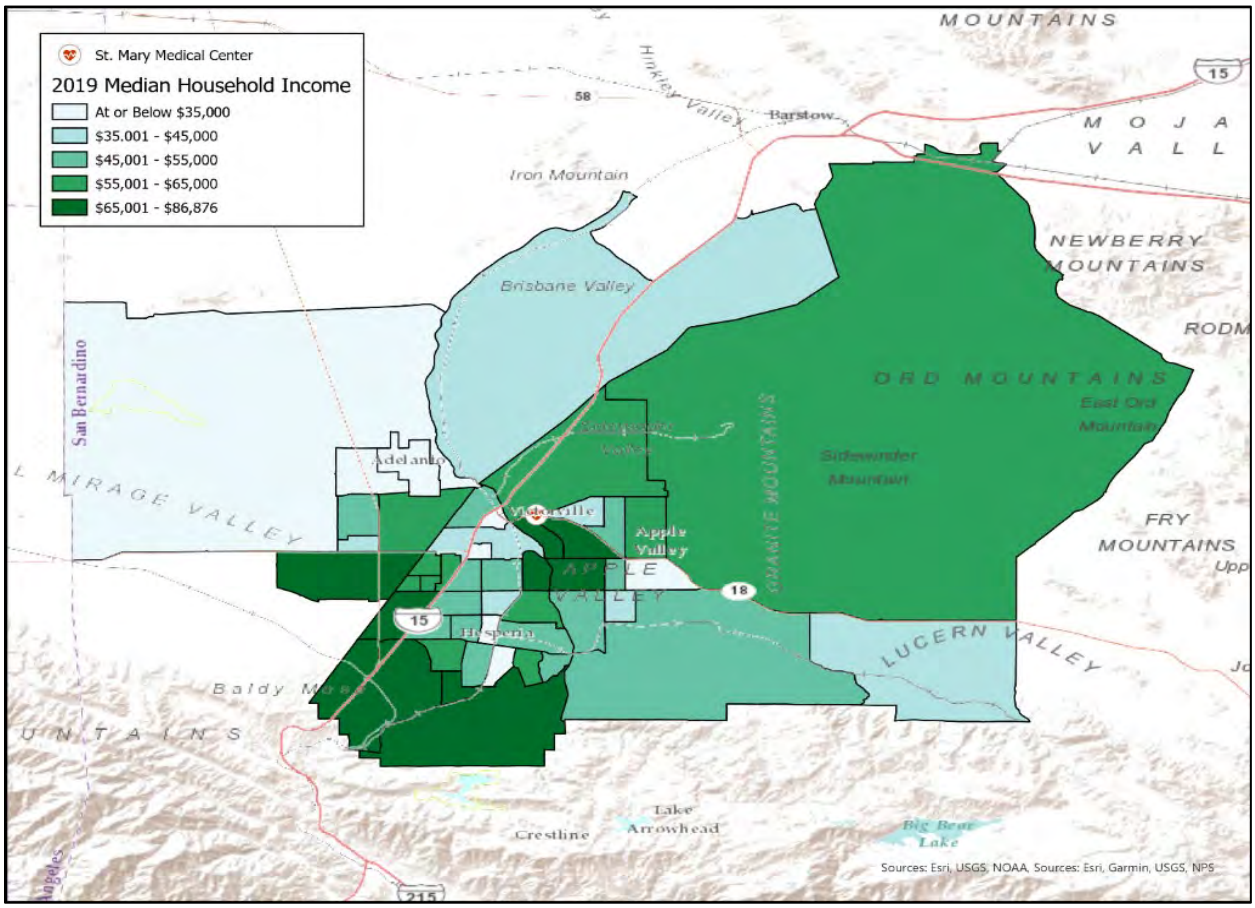


MEDIAN INCOME

Table 5. 2019 Median Income for High Desert Service Areas

Indicator	High Desert Broader Service Area	High Desert High Need Service Area	High Desert Total Service Area	San Bernardino County
Median Income Data Source: American Community Survey Year: 2019	$61,846	$41,164	$52,995	$60,761

Figure 7. 2019 Median Income by Census Tract



The median income in the SMMC service area is almost $8,000 lower than that of the county overall. The median income for households in the high need census tracts are approximately $20,000 lower than the broader service area.

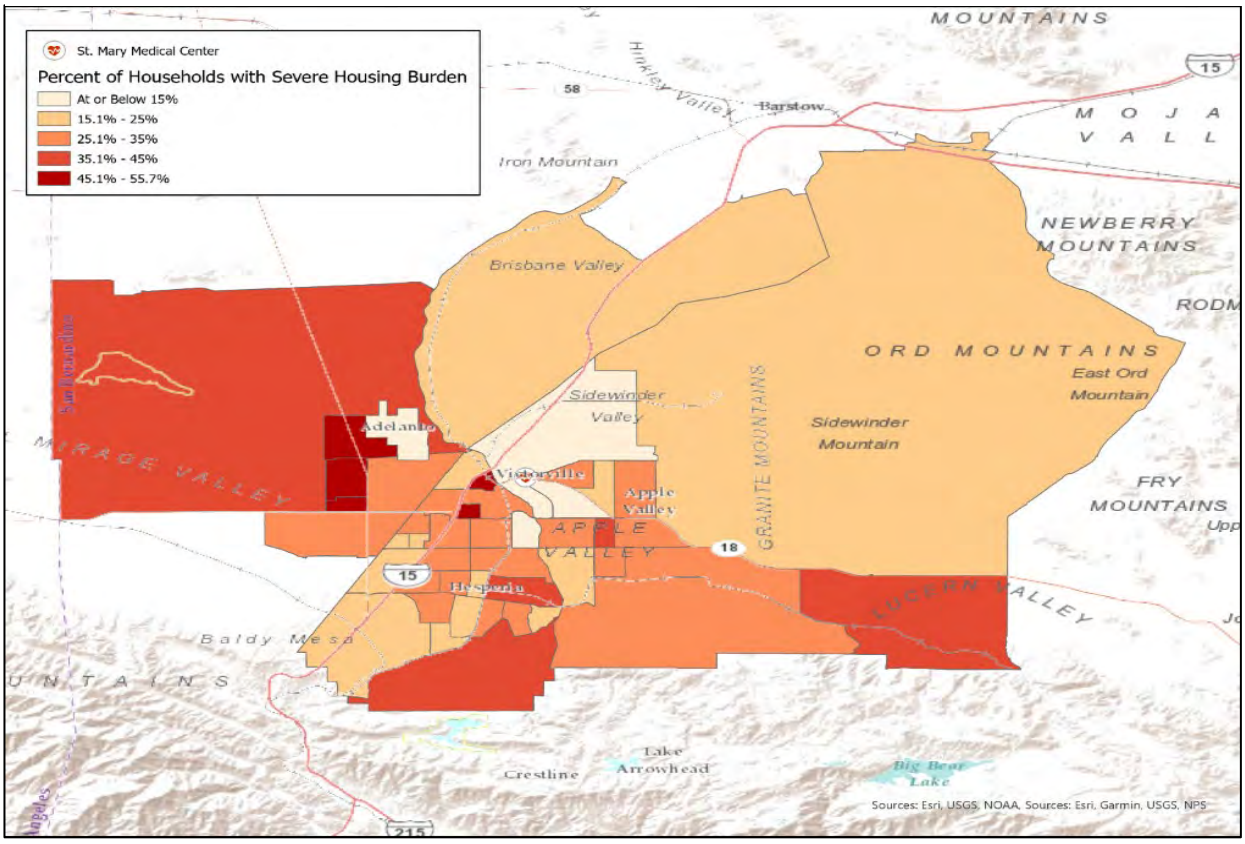
SEVERE HOUSING COST BURDEN

Severe housing cost burden represents households that spend 50% or more of their income on housing costs. A slightly greater proportion of renter households are severely housing cost burdened in SMMC's service area compared to San Bernardino County. On average, about 31% of households in the total service area are severely housing cost burdened.

Table 6. Severe Housing Cost Burden for High Desert Service Areas

Indicator	High Desert Broader Service Area	High Desert High Need Service Area	High Desert Total Service Area	San Bernardino County
Percent of Renter Households with Severe Housing Cost Burden Data Source: American Community Survey Year: Estimate based on 2013-2017 data	25.7%	35.3%	31.1%	28.7%

Figure 8. Severe Housing Cost Burden by Census Tract



In the high need service area, 35% of renter households are severely housing cost burdened, compared to 26% in the broader service area.

See Appendix 1: Quantitative Data for more population level data for St. Mary Medical Center.

HEALTH PROFESSIONAL SHORTAGE AREA

St. Mary Medical Center is located within a primary care and mental health HPSA. Also located within the total service area for St. Mary Medical Center is a designated dental health HPSA. Parts of the service area, including Adelanto, are designated as a Medically Underserved Area.

See Appendix 1: Quantitative Data for more information related to HPSA, Medically Underserved Areas, and Medically Underserved Populations.

OVERVIEW OF CHNA FRAMEWORK AND PROCESS

The Community Health Needs Assessment (CHNA) process is based on the understanding that health and wellness are influenced by factors within our communities, not only within medical facilities. In gathering information on the communities served by St. Mary Medical Center we looked not only at the health conditions of the population, but also at socioeconomic factors, the physical environment, and health behaviors. Additionally, we leveraged insight gained from key stakeholders and community members who participated in a survey on community needs. As often as possible, equity is at the forefront of our conversations and presentation of the data, which often have biases based on collection methodology.

In addition, we recognize that there are often geographic areas where the conditions for supporting health are substantially poorer than nearby areas. Whenever possible and reliable, data are reported at the ZIP Code or census block group level. These smaller geographic areas allow us to better understand the neighborhood level needs of our communities and better address disparities within and across communities.

We reviewed data from the American Community Survey and local public health authorities. In addition, we include hospital utilization data to identify disparities in utilization by income and insurance, geography, and race/ethnicity when reliably collected.

Data Limitations and Information Gaps

While care was taken to select and gather data that would tell the story of the hospital's service area, it is important to recognize the limitations and gaps in information that naturally occur. Not all desired health-related data were available. As a result, proxy measures were used when available. For example, there is limited community or ZIP Code level data on the incidence of mental health or substance use.

Process for Gathering Comments on Previous CHNA and Summary of Comments Received

Written comments were solicited on the 2017 CHNA and 2018-2020 CHIP reports, which were made widely available to the public via posting on the internet in December 2017 (CHNA) and May 2018 (CHIP), as well as through various channels with our community-based organization partners.

No comments were received.

HEALTH INDICATORS

2019 San Bernardino County and High Desert City Health Indicators

County of San Bernardino, Department of Public Health's 2019 Community's Vital Signs (CVS) program provides available data on key health indicators by race, ethnicity and age at a county-wide and, where available, ZIP Code level. CVS is preparing to publish the following data in March 2021, due to delays caused by COVID-19. The Department of Public Health provided this information as preliminary reference for this CHNA due to our ongoing partnership.

The design of CVS started with 58 health and social indicators. A CVS steering committee selected four (4) demographic and eighteen (18) health indictors (from the set of 58) to assess at the county and district level. San Bernardino County is comprised of five (5) supervisory districts. St. Mary Medical Center serves the communities within District One including Adelanto, Apple Valley, Hesperia and Victorville along with several unincorporated communities like Lucerne Valley, Phelan, and Oak Hills.

Each supervisory district received its own CVS presentation to share with stakeholders and residents. Public health leaders led each presentation joined by CVS steering committee members representing that District. SMMC participated as a representative with the CVS steering committee for District One. Data were reported at the county level and for communities located within each district.

Meetings with stakeholders and residents provided rankings of health outcomes which are linked to San Bernardino County efforts to improve the following:

- **Education:** Increase high school graduation rates
- **Economic:** Decrease the percentage of families in poverty
- **Access to Health & Wellness:** Increase access to a regular source of health and behavioral services
- **Public Safety:** Decrease crime

HEALTH INSURANCE COVERAGE

City Name	Health Insurance Coverage by City in 2012	Health Insurance Coverage by City in 2017
Adelanto	76.4%	89.3%
Apple Valley	83.8%	93.4%
Hesperia	78.5%	88.7%
Victorville	80.9%	88.5%

The increase in health insurance coverage reported in each High Desert city is the result of the state of California implementing Covered California and the expansion of San Bernardino County's Medi-Cal insurance programs (Inland Empire Health Plan IEHP and Molina Healthcare).

Higher insurance coverage has resulted in the expansion of Federally Qualified Health Clinics, particularly in the city of Adelanto. Additionally, Borrego Health and Tri Community join St. Jude Neighborhood Health Centers and San Bernardino County Public Health offering clinic services.

Despite clinic expansion, the hospital's service area, as well as communities across the Inland Empire, experience a shortage of physicians and certain inpatient hospital services. In the hospital's service area, mental health providers are limited with only two to three psychiatrists operating locally. Additionally, Adelanto has no urgent care serving its population of 32,000 residents with few dentists and providers of mental health services. Adelanto residents must travel to Apple Valley, Hesperia, or Victorville to access specialty services.

CARDIOVASCULAR DISEASE

Between 2013-2017, ZIP Codes in Victorville had the highest hospitalization rates due to "diseases of the heart," when compared to Adelanto, Apple Valley, and Hesperia. San Bernardino County has a higher rate of cardiovascular disease, 119.2 per 100,000, compared to California, 98.0 per 100,000. The higher incidence of cardiovascular disease has been attributed to several social determinants of health. The High Desert has the highest number of high poverty/ low food access neighborhoods (17) in San Bernardino County. The region is 90% desert and hot weather and high-water prices has eliminated farming. Additionally, the ratio of fast food to healthy food establishments is higher in the High Desert than at the county-wide level. Moreover, the community is still developing active transportation systems providing communities with sidewalks, walking paths, parks etc. These "community conditions" have been identified as "root causes" implicated in the communities eating and exercise habits. These conditions combined with poverty manifest in higher rates of diabetes and obesity also linked to heart disease. In response, the County of San Bernardino, Department of Public Health has been investing in campaigns to create walking and biking friendly communities in the High Desert.

MENTAL HEALTH (SUICIDE)

In 2016, the suicide rate in San Bernardino County, 11.1 per 100,000 residents, was relatively similar to that of the state of California, 10.5 per 100,000 residents. Data indicate growing suicide rates in Hispanic and senior populations. In response, San Bernardino County Department of Behavioral Health is working with hospitals and school districts to improve access to mental health services.

San Bernardino County Department of Behavioral Health (DBH) is the area's largest provider of mental health services. While new outpatient and crisis services are available in the High Desert, none of the local hospitals offer inpatient psychiatric services. As a result, patients in crisis can be stabilized or transported 40 miles to inpatient care provided by urban hospitals, including Loma Linda (Redlands, CA) Common Spirit (San Bernardino, CA) Canyon Ridge (Chino, CA) and Arrowhead Regional Medical Center (Colton, CA).

DBH reports seeking state approval to provide inpatient beds serving youth at its county hospital, Arrowhead Regional Medical Center. The hospital currently provides inpatient beds to adults. The High Desert recently celebrated the opening of a 24-hour crisis stabilization clinic and a 90-day residential treatment campus serving adults. Kaiser Permanente has started outpatient mental health programs to serve its members. Services include intensive outpatient programs serving adults and youth. IEHP has

opened a psychiatry "walk-in" clinic to provide members access to medications. Hospitals have seen a marked increase in the number of adults and children seeking care at their Emergency Rooms. DBH contracted service providers report they are at capacity providing therapy and unable to respond quickly to Emergency Rooms requests. Additionally, there is limited access to hospital beds for crisis care, particularly for individuals covered by Medi-Cal.

Local efforts to address suicide and addiction are increasing. A navigator for youth who self-harm or attempt suicide is being provided by St. Mary Medical Center's newly developed mental health campaign. Additionally, the hospital has funded a navigator for screening and treating opioid addiction. The hospital and DBH are supporting St. John of God to integrate mental health treatment into its local substance recovery program. Staff of DBH have developed a community led committee developing awareness of suicide prevention. A roundtable meeting between hospital and DBH leaders to discuss mental health continues.

SEXUALLY TRANSMITTED INFECTIONS

San Bernardino has seen an increase in Sexually Transmitted Infections (STIs) county-wide:

- Chlamydia rates are reported county-wide at 540.1 per 100,000 persons;
- Gonorrhea dramatically increased from 56.1 cases (2010) to 158.7 cases (2016) per 100,000. In 2017, San Bernardino County ranked 23rd among all counties in the U.S. for total number of cases.
- Primary and secondary syphilis rates have increased to nearly 8 in every 100,000 persons.

Heat mapping of STIs identified High Desert cities, especially youth and young adults of Victorville, as "hot spots." An important resource, Planned Parenthood, is open and providing STI services.

NUTRITION

Access to healthy foods and ratio of grocery stores to fast food is a health concern in the High Desert. In 2015, 21.3% of the county's population live more than 1.0 mile away from access to healthy foods, higher than data reported for the state of California (12%) and the national level (20%). The 2017 report completed by San Bernardino County, titled Food Insecurity and Obesity in San Bernardino County, identified District One as having the highest number of food deserts[1].

The ratio of fast food/convenience stores to supermarkets is higher in San Bernardino County than in California and United States. Between 2003 and 2016 this ratio grew from 5.8 to 7.8. The food economy of the High Desert is dominated by fast food to serve motorists traveling on I-15. Expansion of grocery stores and increasing access to fresh produce continue to be high priorities. The High Desert Food Collaborative has formed and each week this partnership of 70 food programs receives donations of recovered produce from Food Forward, a Los Angeles based food recovery group. Efforts to bring a grocery store to north Adelanto continues.

[1] https://wp.sbcounty.gov/wp-content/uploads/sites/7/2018/01/Food-Security-and-Obesity-in-San-Bernardino-County-2017.pdf

CHILDREN'S PREVENTIVE ORAL HEALTH SERVICES

It is reported that preventive dental service for children ages 0-5 in San Bernardino County has from 27.4% in 2013 to 30.7% in 2017. However, the 2017 rate of 30.7% is still below the state percentage of 34.2%. In response, San Bernardino County Public Health developed a Strategic Plan for Oral Health 2019-2024. The plan calls for (1) increasing mobile dental programs to schools and (2) recruiting dentists who will accept patients with Denti-Cal insurance, as currently the High Desert has no mobile dental program. Community clinics report adding dental services to their services and a strategy to offer preventative services at school. St. Mary Medical Center provided a restricted grant to Borrego Health for purchase of a mobile dental van.

EDUCATION, COLLEGE GRADUATION AND PUBLIC SAFETY

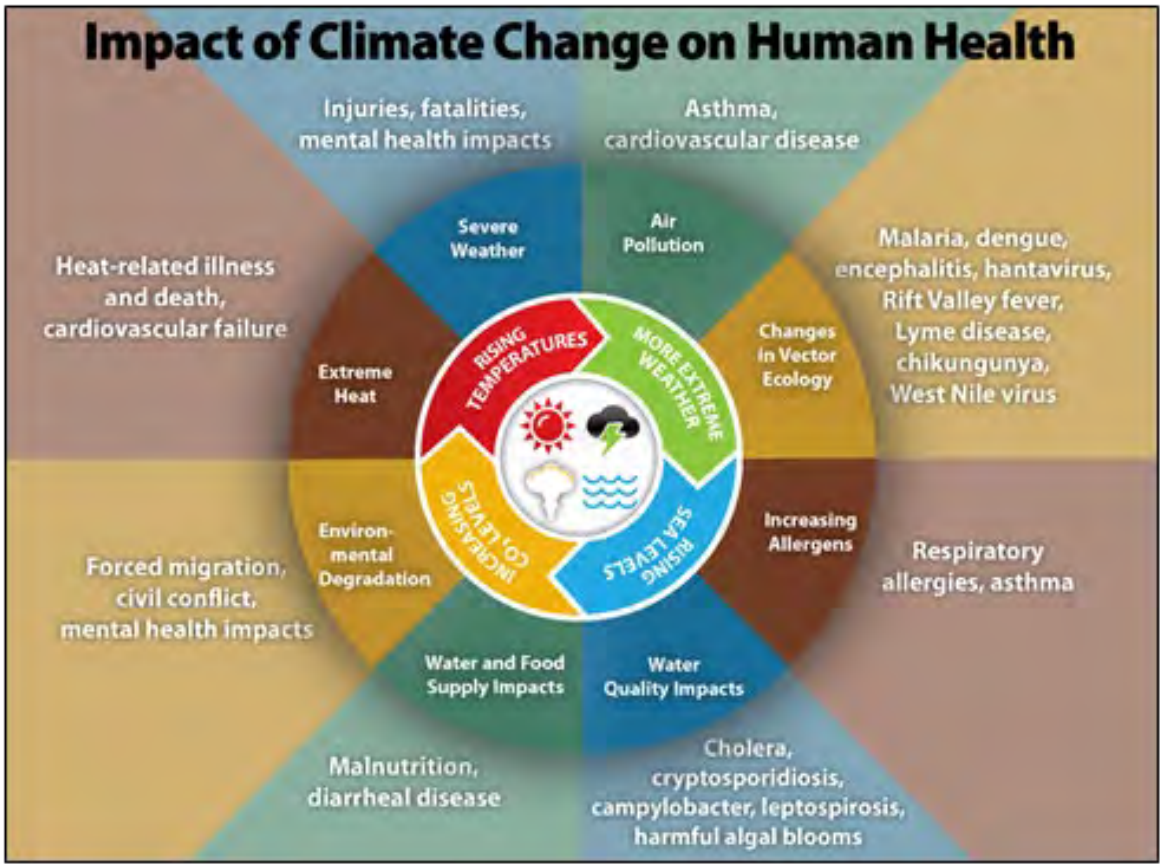
San Bernardino County and High Desert cities lag the state and nation in the percentage of students graduating with a four-year college degree. While state and national measures were reported at 33.7% and 32%, respectively in 2017, San Bernardino County reported 20.5% of students graduating with a four-year college degree. The High Desert cities report lower percentages ranging from 16% in Apple Valley to 5.2% in Adelanto. Low college graduation percentages are a bottleneck to developing the community's workforce. Efforts to bring a four-year public college to the community continues. Education and workforce have partnered to form the Mountain Desert Career Program and the Mountain Desert Economic Program. Both are education, private sector initiatives to create opportunities and improve the workforce.

Projected Impact of Climate Change in the High Desert

We recognize that climate change creates additional risks and challenges for the communities that we serve. St. Mary Medical Center works with San Bernardino County Association of Government (SANBAG) as it supports local cities to address the impacts of climate change, creating housing and improving transportation systems. Initial climate assessments by SANBAG suggest that by 2050, 12-24 extreme heat days will be experienced by the region. SANBAG is developing a "tool kit" of policy recommendations for local communities including, but not limited to adding community cooling stations and landscaping for cooling.[2]

[2] San Bernardino County Resilience Strategy, 2019

Figure 9. Impact of Climate Change on Human Health



While all Californians are vulnerable to climate change, social and economic inequities make some Californians more at risk of negative health and well-being as a result of rising temperatures, more extreme weather, rising sea level, and increasing carbon dioxide levels. The following populations are considered more vulnerable to the direct effects of climate change:

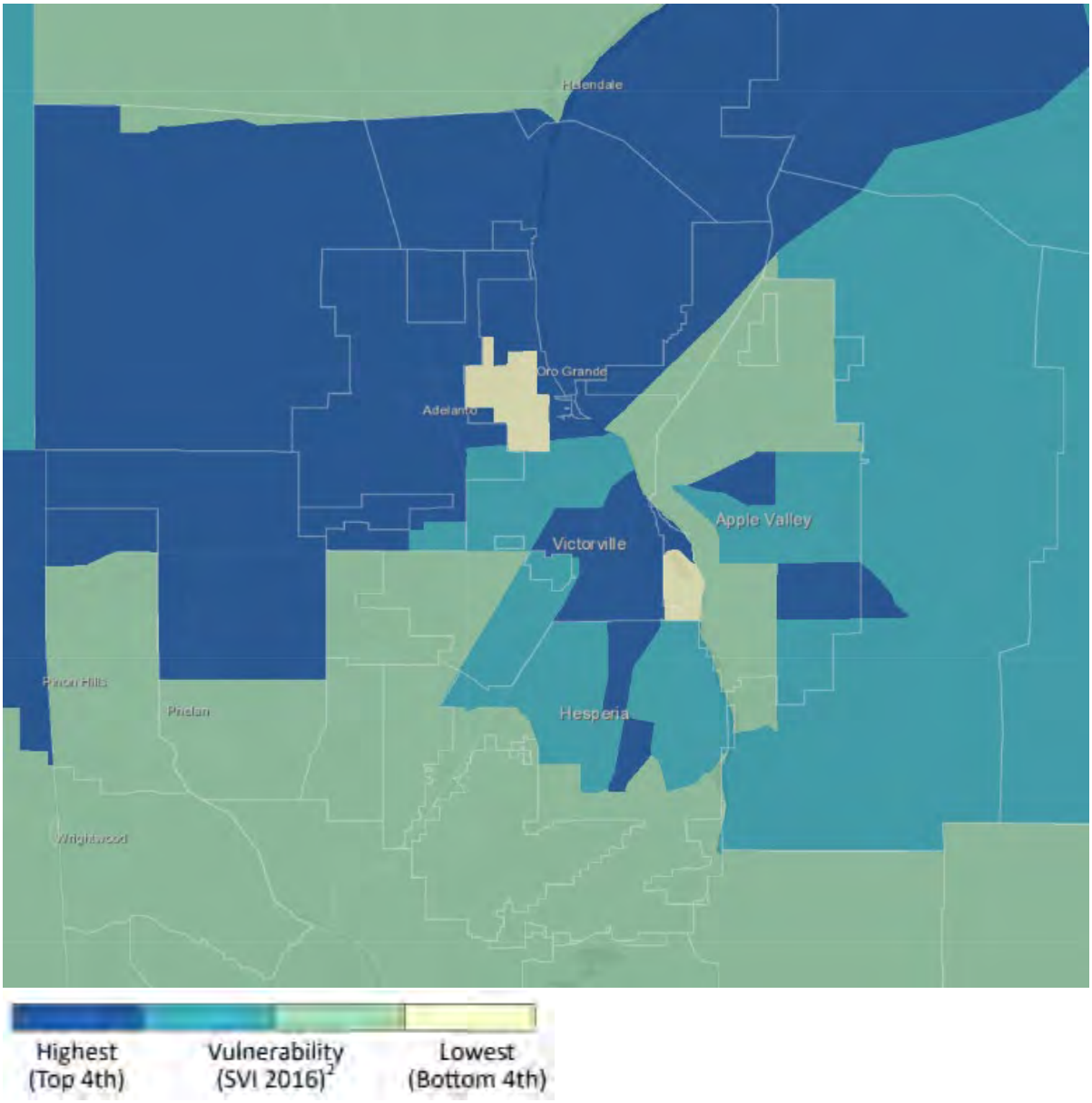
- The very old and very young
- People with chronic medical conditions
- People living with a mental health diagnosis
- People taking multiple medications
- People lacking access to public transportation or a private car (increased challenges evacuating)
- People who are socially isolate
- Medically fragile people
- People living in institutions[3]

To better understand where social vulnerabilities to disaster exist in the communities we serve, we have consulted the CDC's Social Vulnerability Index (SVI). This index allows us to better understand how

[3] Climate Change and Health Profile Report, Orange County. California Department of Public Health, 2017

poverty, lack of access to transportation, and crowded housing may make communities more vulnerable to human suffering and financial loss in a disaster. The CDC website provides the Social Vulnerability Index map for San Bernardino County (2016). The following map demonstrates the SVI for the High Desert total service area. Darker blue areas represent "more vulnerable" census tracts.

Figure 10. CDC's Social Vulnerability Index for the High Desert Total Service Area, 2016



Cities considered most socially vulnerable to disaster based on the SVI are Adelanto, Oro Grande, and Victorville. Knowing which geographic areas are more vulnerable allows for improved planning of

supplies and funding in case there is a hazardous event, such as a natural disaster, disease outbreak, or human-made event.[4]

Hospital Utilization Data

In addition to this public health surveillance data, our hospitals can provide timely information regarding access to care and disease burden within the High Desert region. We were particularly interested in studying potentially avoidable Emergency Department visits and Prevention Quality Indicators. Avoidable Emergency Department (AED) is reported as a percentage of all Emergency Department visits over a given time period and are identified based on an algorithm developed by PSJH's Population Health Care Management team based on NYU and Medi-Cal's definitions.

The Prevention Quality Indicators (PQIs) are similar, although they are based on in-patient admissions. Both PQIs and AED serve as proxies for inadequate access to, or engagement in, primary care. As possible, we look at the data for total utilization, frequency of diagnoses, demographics, and payer to identify disparities.

Table 7. Avoidable Emergency Department Visits for PSJH Orange County and High Desert Hospitals

Facility	Non-AED Visits	AED Visits	Total ED Visits	AED %
Mission Hospital	31,242	15,310	46,552	32.9%
St Mary Medical Center	43,572	22,264	65,836	33.8%
St. Joseph Hospital of Orange	40,381	21,783	62,164	35.0%
St. Jude Medical Center	36,273	21,192	57,465	36.9%
Grand Total	**151,468**	**80,549**	**232,017**	**34.7%**

When comparing the High Desert and Orange County hospitals, SMMC had a below average percentage of potentially avoidable ED utilization in 2019. At SMMC, individuals whose race was left blank had the highest percentage of avoidable ED visits, at 50%, although there were only 10 individuals in this category meaning these data should be interpreted with caution. Individuals identifying as Black/African American and those designated as an "unknown" race had the second and third highest percentages of avoidable ED visits.

Individuals under the age of 18 had the highest percentage of avoidable ED visits. Patients from ZIP Codes 92307, 92308, and 92345 generated the greatest number of potentially avoidable ED visits. These three ZIP Codes were responsible for approximately 43% (9,564) of all potentially avoidable visits in 2019. There were 240 additional visits from patients identified as experiencing homelessness (ZIP Code "ZZZZZ"), with 45% of visits by this population being categorized as avoidable.

[4] https://svi.cdc.gov/factsheet.html

Table 8. Avoidable Emergency Department Visits by Ministry and Patient Zip Code

Encounters by Patient Zip Code	Non-AED Visits	AED Visit	Total ED Visits	AED %
St. Mary Medical Center	**43,572**	**22,264**	**65,836**	**33.8%**
92307	7,489	3,808	11,297	33.7%
92308	6,148	3,025	9,173	33.0%
92345	5,747	2,731	8,478	32.2%
ZZZZZ	299	240	539	44.5%

See Appendix 1: Quantitative Data for more data tables related to AED for St. Mary Medical Center.

COMMUNITY INPUT

Summary of Community Input

To better understand the unique perspectives, opinions, experiences, and knowledge of community members, Department of Public Health, County of San Bernardino, and the Community Vital Sign Department, fielded an online survey to community residents and stakeholders. The survey allowed community members and nonprofit and government stakeholders to share their perspective on the issues and opportunities of the people, neighborhoods, and cities of the service area. Please refer to **Appendix 2** for details.

There were three categories of questions: Health; Community Safety, Education and Economy; and Neighborhood Ratings.

Full findings from the survey can be found on the San Bernardino County Public Health website. Findings shared here are filtered to include respondents from the service area, including Adelanto, Apple Valley, Hesperia, Victorville, and the Adelanto-High Desert Detention Center (findings from the detention center were not available for the health priorities section).

A total of 222 stakeholders and over 1,000 residents responded to the survey across San Bernardino County. Stakeholders were responding on behalf of their organizations and residents responded based on their own experiences.

COMMUNITY RESIDENT SURVEY FINDINGS

Community residents in the service area identified the following top three health priorities for their communities:

1. Mental Health Problems (Anxiety, Depression, etc.)
2. Obesity/Overweight
3. Smoking / Tobacco Use / Vaping / E-Cigarette Access

The number of votes for mental health problems was substantially higher (114 votes) than obesity/overweight (85 votes).

In the "Community Safety, Education and Economic Category," community residents in the service area identified the following top three health priorities:

1. Homelessness
2. Poverty
3. High Housing Costs (Purchase or Rental)

This category received an overwhelming response for homelessness. There were 138 votes for homelessness compared to 86 for poverty.

Residents were asked to rate their neighborhoods (on a poor to excellent scale) on the following categories:

- Health and Wellness: The most common rating was “fair,” followed by “good.”
- Economy: The most common rating was “fair,” followed by “poor.”
- Education: The most common rating was “fair,” followed closely by “good.”
- Safety: The most common rating was “fair,” followed closely by “poor.”
- Environment: Survey respondents were primarily split between “poor,” “fair,” and “good.”
- Housing: The most common rating was “poor,” although “fair” and “good” were also common.
- Transportation: The most common rating was “fair,” although “poor” and “good” were also common.

COMMUNITY STAKEHOLDER SURVEY FINDINGS

Community stakeholders in the service area identified the following top three health priorities for their communities:

1. Mental Health Problems (Anxiety, Depression, etc.)
2. Shortage of Health Professionals
3. Poor Nutrition/Diet

The number of votes for mental health problems was substantially higher (30 votes) than shortage of health professionals and poor nutrition/diet (both 19 votes).

In the “Community Safety, Education and Economic Category,” community stakeholders in the service area identified the following top three health priorities:

1. Homelessness
2. Poverty
3. Violent Crime

There were 24 votes for homelessness compared to 14 for poverty.

See Appendix 2: Community Input for additional details about participants, methodology, and findings.

Challenges in Obtaining Community Input

Community Vital Signs advertised through community organizations and was a web-based survey. Therefore, not all residents of the area were aware of the survey, and those with limited internet connection may not have been able to access or complete the survey.

SIGNIFICANT HEALTH NEEDS

Prioritization Process and Criteria

The hospital's Community Benefit Committee members, and Director of Community Health Investment discussed the list of eighteen identified needs from the CVS work. The Director of Community Health Investment also developed a point system to assign each of the eighteen identified needs to gain perspective and develop a hierarchy of which top needs have the potential to offer the highest impact in the High Desert. Each need was listed, and each was assessed based on the following:

- Trend over time (Getting "Worse" or "Better")
- Impact on low-income or communities of color ("Very High" to "Very Low")
- Are "High Need Areas" worse off than state averages? ("Yes" or "No")
- Opportunity for Impact ("Low" to "Very High")
- Alignment with System Priorities ("Yes" or "No")
- Community Vital Signs Priority ("Yes" or "No")
- Attorney General Requirement ("Yes" or "No")

See Appendix 3: Prioritization Protocol and Criteria

2019 Priority Health Needs

The list below summarizes the rank ordered significant health needs identified through the Community Health Needs Assessment process:

PRIORITY 1: ACCESS TO CARE

Creating awareness of current services and advocate with residents to increase or bring new services and outreach to high needs neighborhoods.

The Challenge: The High Desert has many under-resourced communities and residents experiencing a variety of barriers to accessing both primary and specialty care. Noted barriers include a lack of health literacy, cost of care, lack of local public transportation, and insufficient dental providers.

Our Vision: That the residents of the High Desert living in communities with low incomes know how to connect with resources needed for themselves, their family and their neighbors and advocate for needed services.

PRIORITY 2: MENTAL HEALTH

Creating awareness and education regarding mental health and substance use, particularly amongst the Latino/a population, and ultimately bringing resources that address these in a meaningful and dignified way.

The Challenge: People living with mental health challenges need to be connected to resources in a timely manner, just as with any other medical emergency.

Our Vision: We recognize that a person is mind, body and soul. Mental health is an integral part of the well-being of a person. By creating awareness and services addressing mental health, along with substance use, we will see the betterment of individuals, families and neighborhoods.

PRIORITY 3: HOMELESSNESS & HOUSING

Investing in housing and services to support those experiencing homelessness to increase access to housing and meet the chronic health needs of populations experiencing homelessness.

The Challenge: Local communities do not have adequate support service and housing to meet the needs of people experiencing homelessness.

The Vision: Develop a community supported campaign that expands services and shelter to people experiencing homelessness, expands the availability of housing, and improves the quality of health services provided to people experiencing homelessness. Homeless prevention and the development of affordable housing initiatives are important strategies to reduce homelessness.

PRIORITY 4: OBESITY

Creating opportunities for physical activity and nutrition education. Advocating for more supermarkets in neighborhoods with low incomes and increasing access to parks will lead to healthier communities.

The Challenge: Obesity is related to many other health problems including diabetes, heart disease, knee problems, and more. Many illnesses can be alleviated by addressing an individuals' unhealthy weight.

The Vision: A neighborhood where the healthy choice is the easiest choice. If a family wants to do exercise or eat healthy together, living in a neighborhood that offers these opportunities can make this a reality.

Potential Resources Available to Address Significant Health Needs

Understanding the potential resources to address significant health needs is fundamental to determining current state capacity and gaps. The organized health care delivery systems include the Department of Public Health, Desert Valley Hospital, Kaiser and Victor Valley Global Medical Center. In addition, there are numerous social service non-profit agencies, faith-based organizations, and private and public-school systems that contribute resources to address these identified needs. For a list of potentially available resources available to address significant health needs see Appendix 4.

See Appendix 4: Community Resources Available to Address Significant Health Needs

EVALUATION OF 2018-2020 CHIP IMPACT

This report evaluates the impact of the 2018-2020 Community Health Improvement Plan (CHIP). St. Mary Medical Center responded to community needs by making investments of direct funding, time, and resources to internal and external programs dedicated to addressing the previously prioritized needs using evidence-based and leading practices.

Table 9. Outcomes from 2018-2020 CHIP

Priority Need	Program or Service Name	Results/Outcomes	Type of Support
Access to Care	Community Clinics	1,901 unique patients seen	Clinical
Access to Care	Health Promotion at Faith Based Centers	Members at 7 churches participated in health promotion classes. At each church, 5 nutrition classes were conducted, totaling over 500 individuals participating.	Nutrition Education
Mental Health	St. John of God	226 individuals received mental health sessions Hiring of a Medical Director, Behavioral Health Director, two Behavioral Health Therapists, and an LVN	Grant
Mental Health	Bridges for Families	1,061 counseling sessions by licensed Social Workers.	Clinical
Obesity	Communities of Excellence	3,452 physical fitness (one-hour ZUMBA class) and nutrition education encounters.	Physical Activities; ZUMBA provided in neighborhoods lacking gyms

Addressing Identified Needs

The Community Health Improvement Plan developed for the High Desert service area will consider the prioritized health needs identified in this CHNA and develop strategies to address needs considering resources, community capacity, and core competencies. Those strategies will be documented in the CHIP, describing how SMMC plans to address the health needs. The CHIP will not only describe the actions SMMC intends to take, but also the anticipated impact of these actions and the resources the hospital plans to commit to address the health need.

Because partnership is important when addressing health needs, the CHIP will describe any planned collaboration between SMMC and community-based organizations in addressing the health need. The CHIP will be approved and made publicly available no later than December 31, 2020.

2019 CHNA GOVERNANCE APPROVAL

This Community Health Needs Assessment was adopted by the Community Benefit Committee[5] of the hospital on November 6, 2020. The final report was made widely available on November 12, 2020.

Randall Castillo

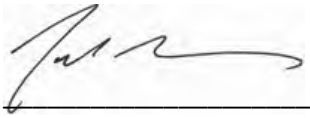
11/6/2020

Randall Castillo — Date
Chief Executive, St. Mary Medical Center

Paul Gostanian

11/6/2020

Paul Gostanian — Date
Chair, St. Mary Medical Center Community Benefit Committee



11/6/2020

Joel Gilbertson — Date
Executive Vice President, Community Partnerships
Providence St. Joseph Health

CHNA/CHIP Contact:

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Program Director, Community Health Investment
18300 CA-18, Apple Valley, CA 92307
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To request a copy free of charge, provide comments, or view electronic copies of current and previous Community Health Needs Assessments, please email CHI@providence.org.

[5] See **Appendix 5**: St. Mary Medical Center's Community Benefit Committee

APPENDICES

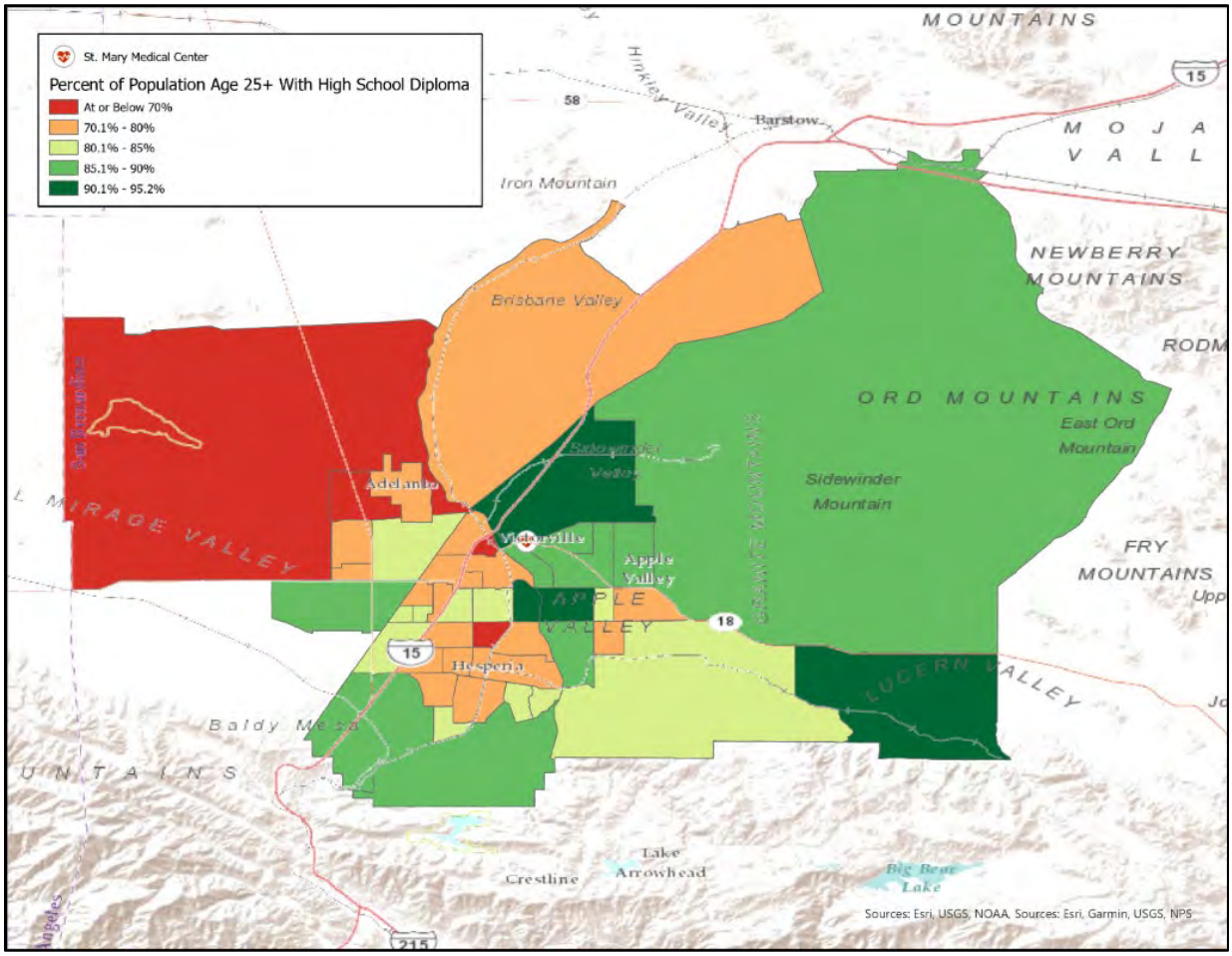
Appendix 1: Quantitative Data

POPULATION LEVEL DATA

Apx 1_Table 1. Percent of Population Age 25+ with a High School Diploma for High Desert Service Areas

Indicator	Broader Service Area	High Need Service Area	Total Service Area	San Bernardino County
Percent of Population Age 25+ with a High School Diploma Data Source: American Community Survey Year: 2019	85.2%	74.8%	80.8%	80.7%

Apx 1_Figure 1. Percent of Population Age 25+ with a High School Diploma by Census Tract



- The High Desert total service area and San Bernardino County have approximately equal percentages of population age 25 and older with a high school diploma.
- About 75% of people living in the high need service area who are over 25 years have a high school diploma compared to 85% in the broader service area.
- Adelanto has the census tract with the lowest percentage of people with a high school diploma in the High Desert area at 53%.

This indicator is important, because according to the National Center for Education Statistics, "For young adults ages 25–34 who worked full time, year-round, higher educational attainment was associated with higher median earnings; this pattern was consistent from 2000 through 2017." A young adult with a high school diploma earned 23% higher earnings, $32,000, in comparison to $26,000 for a young adult that did not complete high school.[6]

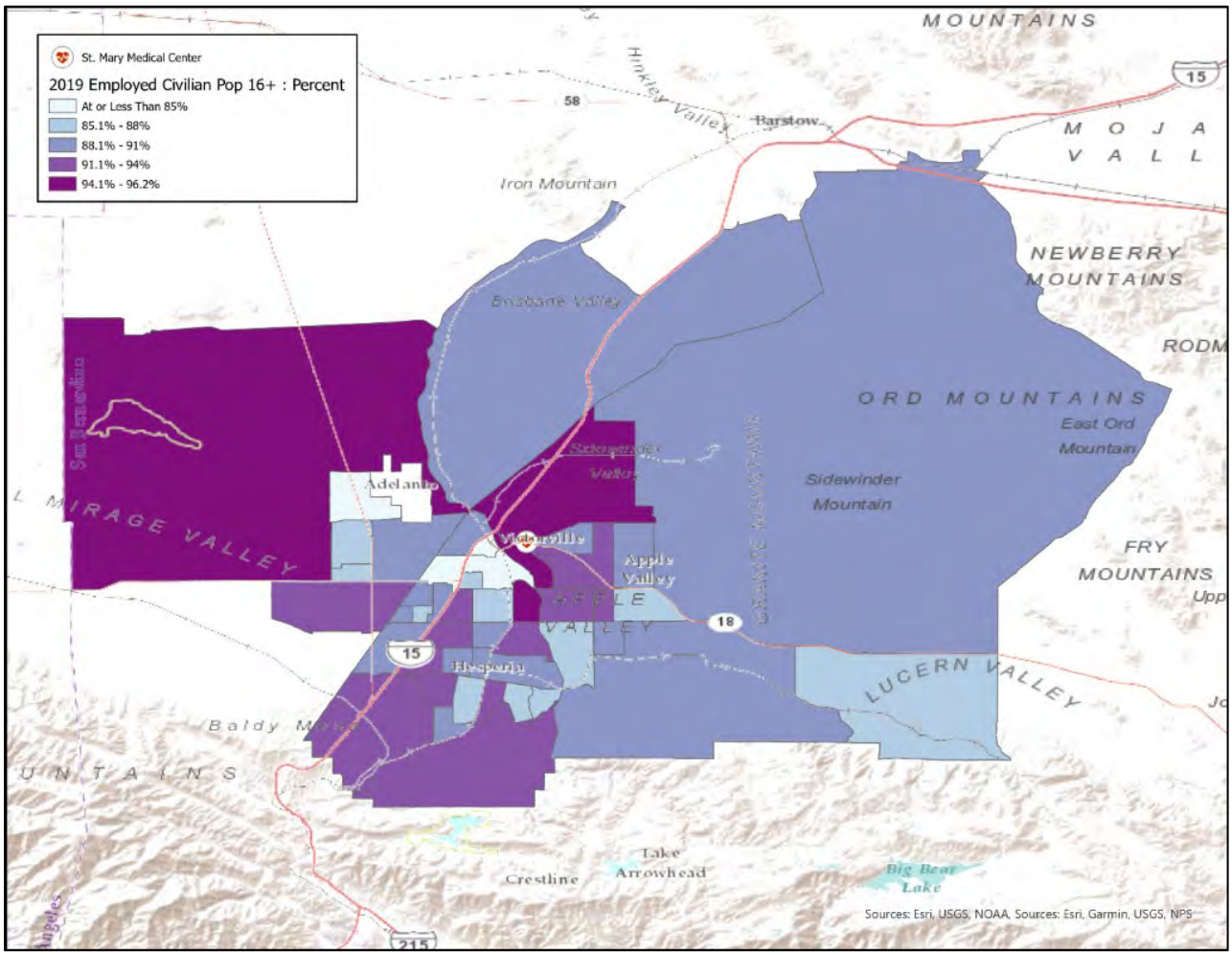
There is overlap in areas that have a higher percentage of residents living below 200% FPL and a lower percentage of population with a high school diploma.

[6] https://nces.ed.gov/fastfacts/display.asp?id=77

Apx 1_Table 2. Percent of Population Age 16+ Employed for High Desert Service Areas

Indicator	Broader Service Area	High Need Service Area	Total Service Area	San Bernardino County
Percent of Population Age 16+ Employed Data Source: American Community Survey Year: 2019	91.4%	88.2%	90.1%	92.6%

Apx 1_Figure 2. Percent of Population Age 16+ Employed by Census Tract

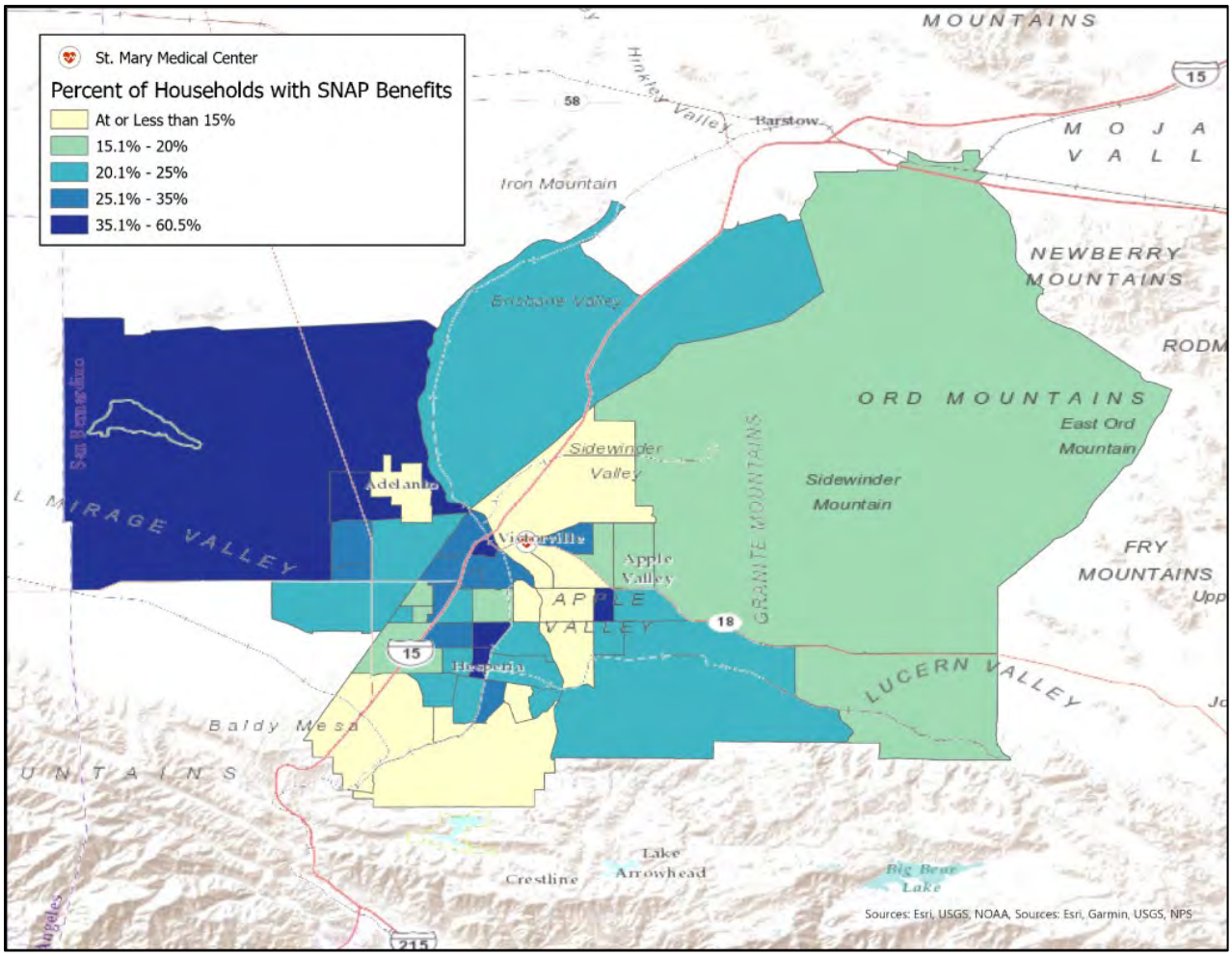


- The percent of population age 16+ employed in San Bernardino is slightly higher than in the total service area.
- The high need service area has 88% of people employed, compared to 91% in the broader service area.

Apx 1_Table 3. Percent of Households Receiving SNAP Benefits for High Desert Service Areas

Indicator	Broader Service Area	High Need Service Area	Total Service Area	San Bernardino County
Percent of Households Receiving SNAP Benefits Data Source: American Community Survey Year: Estimates based on 2013 – 2017 data	16.4%	31.4%	22.9%	15.9%

Apx 1_Figure 3. Percent of Households Receiving SNAP Benefits by Census Tract

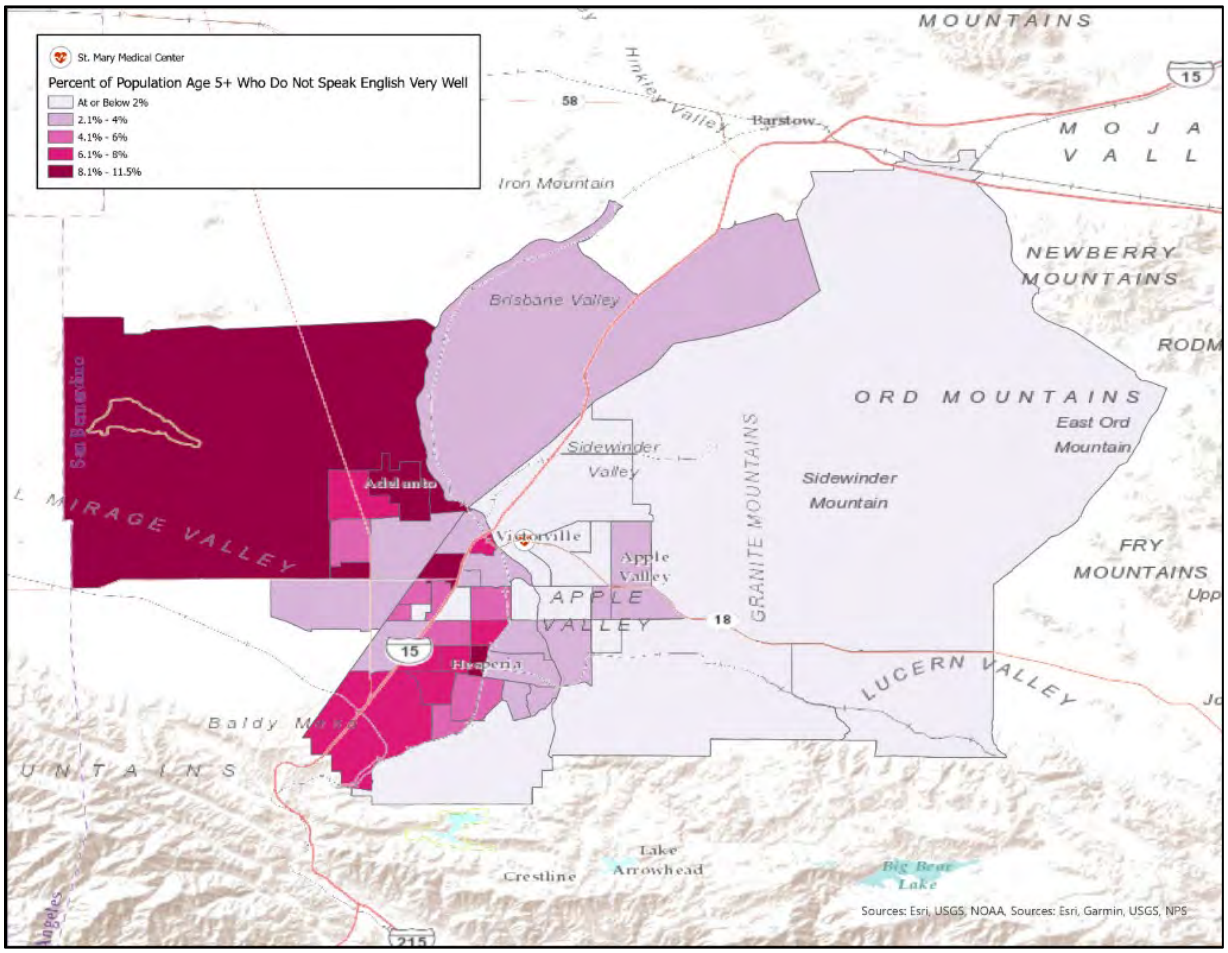


- The high need service area has a percentage of households receiving SNAP benefits that is about two times greater than both the broader service area and San Bernardino County.
- The census tracts with the highest percentage of households receiving SNAP benefits are in Adelanto, Apple Valley, Hesperia and Victorville.

Apx 1_Table 4. Percent of Population Age 5+ Who Do Not Speak English Very Well for High Desert Service Areas

Indicator	Broader Service Area	High Need Service Area	Total Service Area	San Bernardino County
Percent of Population Age 5+ Who Do Not Speak English Very Well Data Source: American Community Survey Year: 2019	3.3%	5.2%	4.1%	5.6%

Apx 1_Figure 4. Percent of Population Age 5+ Who Do Not Speak English Very Well by Census Tract



- The high need service area has a slightly higher proportion of population that does not speak English very well, 5%, compared to the total service area, 4%.
- One census tract has almost 12% of the population reporting not speaking English very well, the highest proportion in the total service area and almost double that of the average of San Bernardino County.

HOSPITAL LEVEL DATA

Avoidable Emergency Department (AED) Visits

Apx 1_Table 5. Avoidable Emergency Department Visits by Orange County Hospital

Facility	Non-AED	AED Visit	Grand Total	AED %
Mission Hospital	31,242	15,310	46,552	32.9%
St. Mary Medical Center	43,572	22,264	65,836	33.8%
St. Joseph Hospital of Orange	40,381	21,783	62,164	35.0%
St. Jude Medical Center	36,273	21,192	57,465	36.9%
Grand Total	**151,468**	**80,549**	**232,017**	**34.7%**

Apx 1_Table 6. Avoidable Emergency Department Visits by Facility and Race

Facility and Race	Non-AED Visit	AED Visit	Grand Total	AED %
St. Mary Medical Center	**43,572**	**22,264**	**65,836**	**33.8%**
Asian	352	164	516	31.8%
Black/African American	6,640	3,798	10,438	36.4%
Nat American/Eskimo/Aleutian	14	6	20	30.0%
Other	9,764	5,017	14,781	33.9%
Pacific Islander/Nat Hawaiian	117	54	171	31.6%
Unknown	167	96	263	36.5%
White	26,513	13,124	39,637	33.1%
(blank)	5	5	10	50.0%

Apx 1_Table 7. Avoidable Emergency Department Visits by Facility and Age Group

Facility and Age Group	Non-AED Visit	AED Visit	Grand Total	AED %
St. Mary Medical Center	**43,572**	**22,264**	**65,836**	**33.8%**
Under 18	10,122	6,127	16,249	37.7%
18 - 44	17,902	8,410	26,312	32.0%
45 - 64	9,151	4,728	13,879	34.1%
65+	6,397	2,999	9,396	31.9%

Apx 1_Table 8. Top ZIP Codes for Avoidable Emergency Department Visits at St. Mary Medical Center

Facility and Top ZIP Codes	Non-AED Visit	AED Visit	Grand Total	AED %
St. Mary Medical Center	**43,572**	**22,264**	**65,836**	**33.8%**
92307	7,489	3,808	11,297	33.7%
92308	6,148	3,025	9,173	33.0%
92345	5,747	2,731	8,478	32.2%
92395	4,544	2,466	7,010	35.2%
92392	4,859	2,437	7,296	33.4%
92301	4,288	2,229	6,517	34.2%
92394	3,535	1,936	5,471	35.4%
92356	999	492	1,491	33.0%
92311	772	454	1,226	37.0%
92344	902	384	1,286	29.9%
92371	698	344	1,042	33.0%
92342	512	265	777	34.1%
ZZZZZ	299	240	539	44.5%

- These top 20 zip codes made up 95.5% of all emergency department visits in 2019 for St. Mary Medical Center
- Patients with a zip code of "ZZZZZ" are typically patients experiencing homelessness.

Prevention Quality Indicators

Prevention Quality Indicators were developed by the Agency for Healthcare Research and Quality to measure potentially avoidable hospitalizations for Ambulatory Care Sensitive Conditions (ACSCs). ACSCs are conditions for which hospitalizations can potentially be avoided with better outpatient care and which early intervention can prevent complications.

More information on PQIs can be found on the following links:

https://www.qualityindicators.ahrq.gov/modules/pqi_overview.aspx

https://www.qualityindicators.ahrq.gov/modules/pqi_resources.aspx

PQIs were calculated for Mission Hospital, St. Mary Medical Center, St Joseph Hospital of Orange, and St. Jude Medical Center using inpatient admission data for the year 2019.

St. Mary Medical Center had the highest average rate of potentially avoidable hospitalizations in the Orange County/ High Desert services areas (216.31 per 1,000 compared to an average of 128.58). Each of the PQI Composite scores (90, 91, 92, and 93) were higher for SMMC than any other PSJH ministry in Orange County/High Desert service areas. The top three PQIs for SMMC were the following:

1. Heart Failure: 60.84 per 1,000 visits
2. Dehydration: 41.84 per 1,000 visits
3. Chronic Obstructive Pulmonary Disease (COPD) or Asthma in Older Adults: 29.00 per 1,000 visits

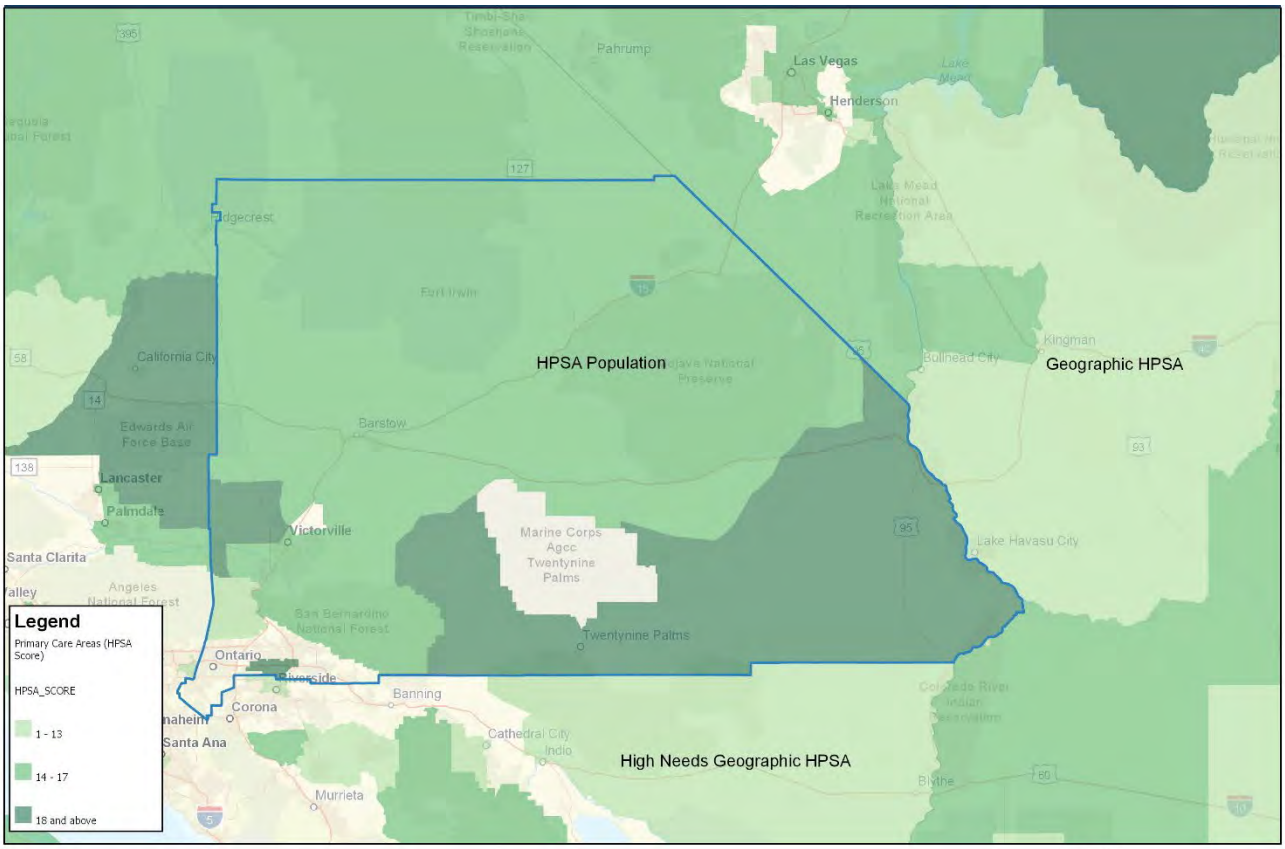
Apx 1_Table 9. Prevention Quality Indicators for Orange County and High Desert Hospitals

Indicator	Label	Numerator	Denominator	Observed Rate Per 1,000 Visits
PQI 90	**Prevention Quality Overall Composite, per 1,000 visits**			
	St. Mary Medical Center	2,880	13,314	216.31
PQI 91	**Prevention Quality Acute Composite, per 1,000 visits**			
	St. Mary Medical Center	514	13,314	38.61
PQI 92	**Prevention Quality Chronic Composite, per 1,000 visits**			
	St. Mary Medical Center	1,809	13,314	135.87
PQI 93	**Prevention Quality Diabetes Composite, per 1,000 Visits**			
	St. Mary Medical Center	558	13,314	41.91

HEALTH PROFESSIONAL SHORTAGE AREA

The Federal Health Resources and Services Administration (HRSA) designates Health Professional Shortage Areas (HPSAs) as areas with a shortage of primary medical care, dental care, or mental health providers. They are designated according to geography (i.e., service area), demographics (i.e., low-income population), or institutions (i.e., comprehensive health centers). St. Mary Medical Center is located in a mental health and dental health HPSA. Large portions of the service area needing increased access to primary care and mental health. The map below depicts these shortage areas for San Bernardino County.

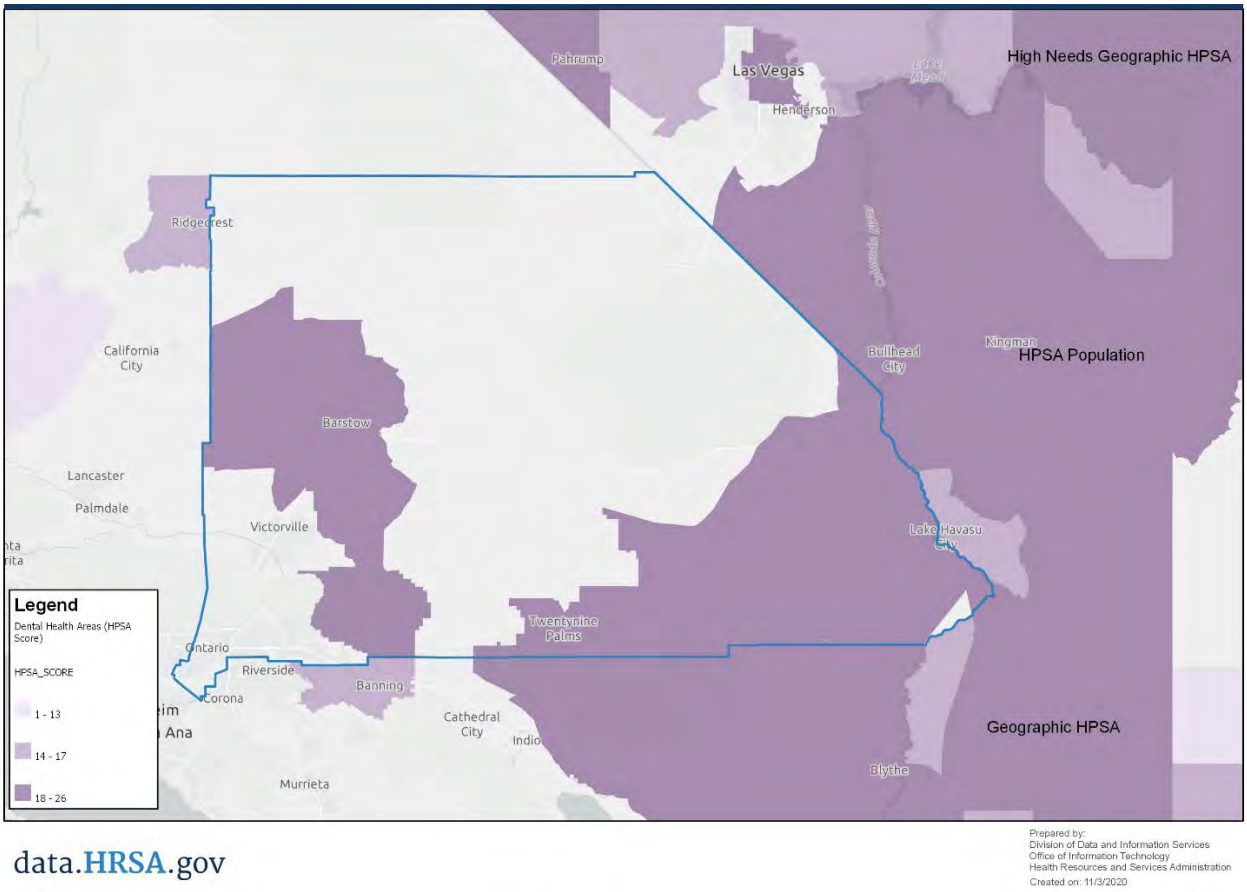
Apx 1_Figure 5. Primary Care Health Professional Shortage Areas in San Bernardino County



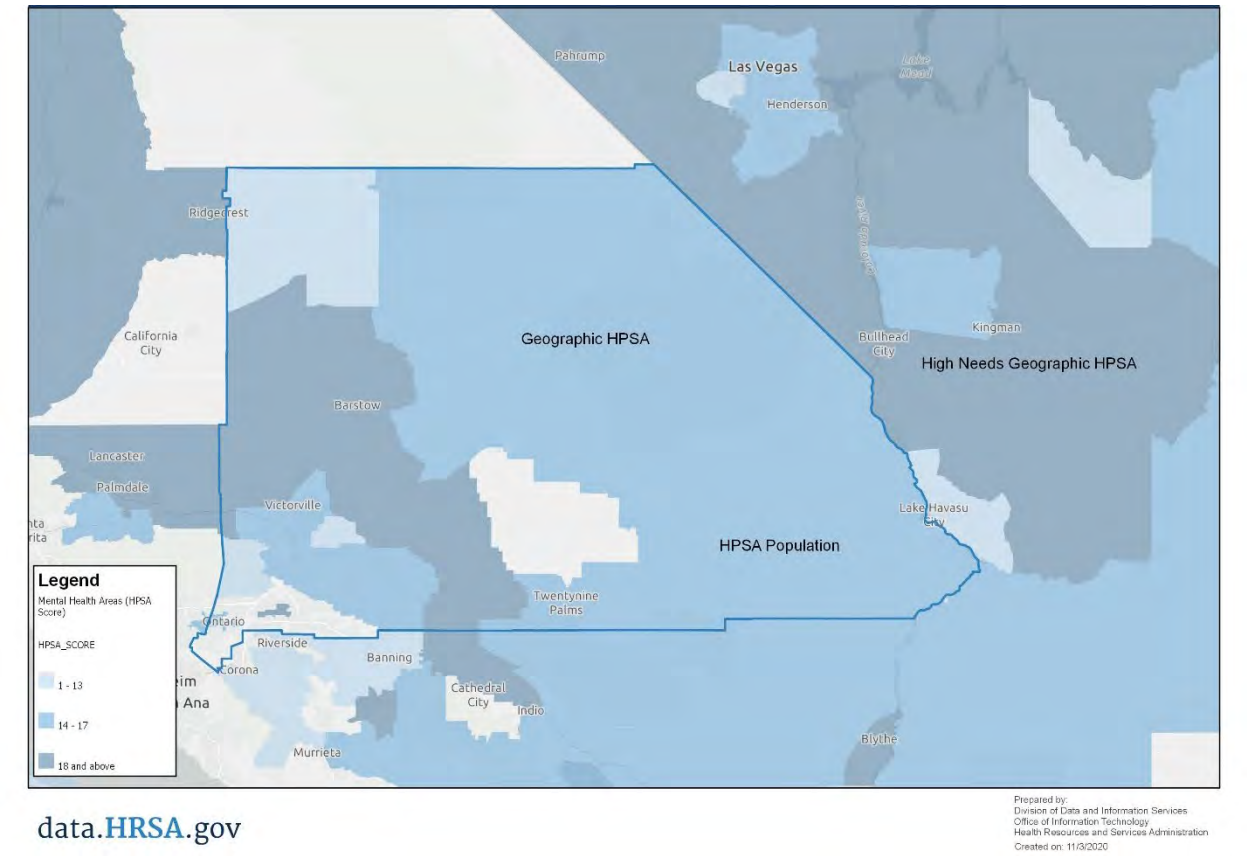
data.HRSA.gov

Prepared by:
Division of Data and Information Services
Office of Information Technology
Health Resources and Services Administration
Created on: 11/3/2020

Apx 1_Figure 6. Dental Care Health Professional Shortage Areas in San Bernardino County



Apx 1_Figure 7. Mental Health Care Health Professional Shortage Areas in San Bernardino County



MEDICALLY UNDERSERVED AREAS AND MEDICALLY UNDERSERVED POPULATIONS

Medically Underserved Areas (MUAs) and Medically Underserved Populations (MUPs) are defined by the Federal Government to include areas or populations that demonstrate a shortage of health care services. This designation process was originally established to assist the government in allocating the Community Health Center Fund to the areas of greatest need. MUAs are identified by calculating a composite index of need indicators compiled and with national averages to determine an area's level of medical "under service." MUPs are identified based on documentation of unusual local conditions that result in access barriers to medical services. MUAs and MUPs are permanently set and no renewal process is necessary. St. Mary Medical Center is not located in an MUA or MUP although parts of the service area are considered an MUA.

Apx 1_Figure 8. Medically Underserved Areas and Medically Underserved Populations (HRSA Map)

Appendix 2: Community Input

Apx 2_Table 1. Community Input by Type

Community Input Type (e.g. Listening sessions, community forum, etc.)	City, State	Date (Month, Day, Year)	Language
Online Survey	County-wide	2019	English

The Department of Public Health, San Bernardino County, Community Vital Signs Department conducted an online resident survey: https://dphsbcounty.co1.qualtrics.com/jfe/form/SV_cVbh0dLtJTnZBsh.

In 2019, 222 stakeholders and nearly 1,100 community residents across San Bernardino County filled out surveys sharing their feedback on the community's top needs.

Findings from these surveys can be found on the Department of Public Health, San Bernardino County's website: https://healthstat.dph.sbcounty.gov/stories/s/CHA-Engagement-Priorities/g67s-angf

Apx 2_Table 2. High Desert Stakeholder Survey Participant Organizations

Organization	Sector
Borrego Health	Clinical
Center for Oral Health	Dental
Community Health Action Network (CHAN)	Community Organization
El Sol	Mental Health
Faith Advisory Council for Community Transformation	Community Organization
First 5 San Bernardino	Local Government
Health Assessment and Research for Communities (HARC)	Community Organization
Inland Empire Health Plan	Local Medi-Cal Plan
Institute for Public Strategies – ROOT	Community Organization
San Bernardino County Department of Behavioral Health	Public Health - Mental Health
San Bernardino County Department of Public Health	Public Health
San Bernardino County Sheriff Department	Public Safety
San Bernardino County Superintendent of Schools	Education
San Bernardino County Transitional Assistance Department	Public Safety Net
St. Mary Medical Center	Hospital
The Gate Church	Faith Based
Victor Valley Rescue Mission	Faith Based Community Organization -

Appendix 3: Prioritization Protocol and Criteria

Apx 3_Table 1. CHNA Assigning Points to Priorities

Indicator	Trend over time	Impact to Poor & persons of color	Government Priority	Opportunity to impact	Attorney General Requirement	Top ranking by residents	Points
Mental Health, Depression, etc.	Getting worse	Very High	Yes	High	Yes	Yes	6
Obesity/Overweight	Getting worse	Very High	Yes	Medium		Yes	4.5
Smoking/ Tobacco/Vaping	Getting worse	Very high	Yes	Medium		Yes	4.5
Poor Diet/Nutrition	Getting worse	High	Yes	Medium	Yes		4.5
Physical Activity		High	No	Medium			2.5
Diabetes	Worse	High	No	High	Yes		5
Access to Care – delay in access	Worse	Very High	Yes	High	Yes	Adelanto = Yes	5.5
Environmental Pollution	Worse	High	Yes	Medium		Adelanto = yes	4.5
Crime	Worse	Very High	Yes	High		Yes	5
Poverty	Down (except Adelanto)	Very High	Yes	Medium		Yes	4.5
Homelessness High Cost of housing	Getting worse	Very High	Yes	High		Yes	5

Apx 3_Table 2. CHNA Recommended Health Priorities for 2021-2023 Plan

Health Priorities	Why	Progress
1. Access to Care	Physician to patient ratio very poor Specialty care gaps Coordinated care not consistent Meets AG agreement	Community clinics are expanding and talking about coordinating care to the poor and to schools
2. Obesity	Top 3 pick by residents Meets AG agreement	Successful exercise programs (before COVID-19 shutdown)
3. Mental Health	Top health pick by residents Gaps in local care	School Districts and College Homeless shelter therapy

Apx 3_Table 3. CHNA Recommended Social Priorities for 2021-2023 Plan

Social Priorities	Justification
Homelessness & Housing	Top pick by residents; meets system initiative
Health Careers	Meets AG agreement; supports local effort creating good paying jobs
Crime & Safety (Proposed - New)	Top resident pick in 2019 quality of life survey

Appendix 4: Community Resources Available to Address Significant Health Needs

St. Mary Medical Center cannot address all of the significant community health needs by working alone. Improving community health requires collaboration across community stakeholders and with community engagement. Below outlines a list of community resources potentially available to address identified community needs.

Apx 4_Table 1. Community Resources Available to Address Significant Health Needs

Organization Type	Organization or Program	Description of services offered	Street Address (including city and zip)	Significant Health Need Addressed
Public Health	**Department of Public Health, County of San Bernardino**	Public Health Services	11336 Bartlett Ave., Ste 11 Adelanto, CA 92301 16453 Bear Valley Rd Hesperia, CA 92345 1 (800) 722-4777	Access to Care Medical Care
Local Government	**Victor Valley Transit Authority**	Public Transportation	17150 Smoke Tree Street Hesperia, California 92345	Transportation
Public Health – Mental Health	**Department of Public Health, Department of Behavioral Health**	Mental Health Services	12625 Hesperia Rd, Victorville, CA 92395	Mental Health
Clinic	**Mission City Community Network**	Mental Health and Clinical Services	15201 Eleventh St suite 300, Victorville, CA 92395	Access to Care Mental Health

Community Organization	**National Alliance for Mental Health (NAMI)**	Mental Health Support Groups	15757 St Timothy Rd, Apple Valley, CA 92307	Mental Health
Clinical	**Valley Star Crisis Walk-In Center**	Crisis services Mental Health Services	12240 Hesperia Rd suite A, Victorville, CA 92395	Mental Health
Community Organization	**Sunset Hills Children's Foundation**	Children's Grief Support Group	24000 Waalew Rd., Apple Valley, CA 92307	Mental Health
Community Organization	**Special Education Counseling Services (SELPA)**	Children's counseling through school-based organizations	17800 CA-18, Apple Valley, CA 92307	Mental Health
Local Government	**Healthy City Campaigns**	Healthy Adelanto, Apple Valley, Hesperia Snowline and Victorville Creating safe and walkable spaces for local residents to enjoy	760-246-2300, ext. 11123 Adelanto 760-240-7880 – AV 760-245-5551 – VV	Obesity
Community Organization	**Community Action Partnership – High Desert Food Collaborative**	Providing local High Desert pantries fresh fruit, produce and other food items for distribution	15000 Seventh St #208, Victorville, CA 92395	Food
Church	**Lords Table**	Feeding homeless individuals and families freshly prepared food Monday – Friday	15512 6th St, Victorville, CA 92395	Homelessness and Food
Faith Community Organization	**Victor Valley Rescue Mission**	Feeding and providing clothes for homeless	15572 Seventh St, Victorville, CA 92395	Homelessness and Food

Community Organization	**Squash4Friends**	Cultivating and harvesting fruits and vegetables for local distribution to local food pantries		Food
Community Organization	**Community Health Action Network (CHAN)**	Nutrition Education and Disaster Preparedness. Advocacy for low-income communities.	15000 7th Ave. Victorville, CA	Food, Disaster Preparedness 2020 Census Hub
Faith Based Organization	**St. John of God**	90-day substance use program with mental health services integrated	13333 Palmdale Rd, Victorville, CA 92392	Mental Health Substance Use
Community Organization	**Millionaire Mind Kids**	Providing enriching STEM Education to low-income students	15733 1st St, Victorville, CA 92395	Education
Public Safety	**HOPE Program**	County of San Bernardino Sheriff Homelessness Task Force	hope@sbcsd.org or call 909-387-0623	Homelessness and Public Safety
Community Organization	**Family Assistance Program**	Helping survivors of domestic violence, LGBTQ+ communities, human trafficked survivors	15075 Seventh St, Victorville, CA 92395	Domestic Violence Homelessness
Community Organization	**A Better Way**	Helping survivors of domestic violence	14114 Hesperia Rd, Victorville, CA 92395	Domestic Violence Homelessness
Community Organization	**Catholic Charities**	Helping with immigration, food, rental and utility assistance	15000 Seventh St, Victorville, CA 92395	Food, Utility assistance Immigration
Community Organization	**Samaritans Helping Hands**	Utility assistance and food distribution	15527 Eighth St, Victorville, CA 92395	Food, Utility assistance

Appendix 5: St. Mary Medical Center's Community Benefit Committee

Apx 5_Table 1. Community Benefit Committee Members

Name	Title	Organization	Sector
Paul Gostanian	Chair	High Desert Church	Faith Based
Orlando Acevedo	Director of Business Development and Communications	Town of Apple Valley	Local Government
Marcos Clark	Principal	Yucca Loma Elementary School	Education
Margaret Cooker	Resident	Victorville Rotary	Resident
Sister Paulette Deters	Sister Religious	Sisters of St. Joseph	Hospital
Randall Castillo	Chief Executive	St. Mary Medical Center	Hospital
John Perring-Mulligan	Resident	Family Assistance Program	Resident
Regina Weatherspoon-Bell	Field Representative	1st District Supervisor	Local Government
Jovy Yankaskas	Assistant Superintendent	Hesperia Unified School District	Education

Exhibit 2 to Section 999.5(d)(5)(A)

ST. MARY MEDICAL CENTER

2017 Community Health Assessment Report

To provide feedback about this Community Health Needs Assessment, email Kevin Mahany at Kevin.Mahany@stjoe.org

St. Joseph Health
St. Mary

TABLE OF CONTENTS

[1] A community benefit is an initiative, program or activity that provides treatment or promotes health and healing as a response to identified community needs and meets at least one of the following community benefit objectives:

a. Improves access to health services;
b. Enhances public health;
c. Advances increased general knowledge; and/or
d. Relieves government burden to improve health.

Community benefit includes both services to the poor and broader community.

[2] To be reported as a community benefit initiative or program, **community need must be demonstrated**. Community need can be demonstrated through the following: 1) community health needs assessment developed by the ministry or in partnership with other community organizations; 2) documentation that demonstrates community need and/or a request from a public agency or community group was the basis for initiating or continuing the activity or program; 3) or the involvement of unrelated, collaborative tax-exempt or government organizations as partners in the community benefit initiative or program.

ATTACHMENTS:

Appendix 1: Community Need Index Data

Appendix 2A: Secondary Data/Publicly Available Data

Appendix 2B: Secondary Data/Publicly Available Data Appendix

Appendix 3: Community Input

a) **Focus Group and Community Forum Participant**
b) **List of Stakeholder Focus Group Participants and Organizations**
c) **Focus Group and Community Forum Report**
d) **Protocols and Demographic Questionnaire**

Appendix 4: Prioritization Protocol and Criteria/Worksheets

Appendix 5: Health Facilities within Service Area

Appendix 6: St. Mary Medical Center Community Benefit Committee Roster

ACKNOWLEDGEMENTS

For 60 years St. Joseph Health, St. Mary has extended the healing ministry of Jesus in the tradition of the Sisters of St. Joseph of Orange to Victor Valley communities. Our efforts back then continue to this day – to improve health and the quality of life of the people we serve. What started as a 12-bed hospital in 1956 has evolved over the years to today's extensive outreach including fixed clinics, mobile medical units and programs crisscrossing the region.

With passage of federal health reform and the corresponding implementation of Covered California in October 2013, St. Mary's 2017 Community Health Needs Assessment reflects changes in healthcare especially increasing access to mental health and furthering health promotion such as nutrition education and physical fitness. I'm especially pleased St. Mary's outreach will increase meeting the health needs of the poor and broader community so more people live longer and healthier lives.

The effort and resources of improving the well-being of the Victor Valley is beyond the reach of one entity. As such, I'd like to express appreciation to residents and leaders from local schools, law enforcement, government and faith communities who voiced how health and social needs impact the region. Their input and our assessments are reflected in this 2017 Community Health Needs Assessment including three priorities to expand access to resources and address mental health and obesity in a 2018 to 2020 Community Benefit Plan/Improvement Plan.

I look forward to the next three years knowing the hospital's work more fully expresses our motto of addressing the mind, body and spirt in pursuit of creating healthy communities.

Sincerely,

Paul Gostanian
Board of Trustees
Chair of CBC Committee

EXECUTIVE SUMMARY

St. Joseph Health, St. Mary an acute-care hospital founded in 1956, is located at 18300 Highway 18 Apple Valley, CA. It became a member of St. Joseph Health in 1994. The facility has 212 licensed beds, 212 of which are currently available. St. Joseph Health, St. Mary has a staff of more than 1,751 and professional relationships with more than 300 local physicians. Major programs and services include cardiac care, critical care, diagnostic imaging, emergency medicine and obstetrics.

In response to identified unmet health-related needs in the community needs assessment, during FY18-FY20 St. Joseph Health, St. Mary will focus on: access to health services, mental health and obesity for the broader and underserved members of the surrounding community.

OVERVIEW OF COMMUNITY HEALTH NEEDS ASSESSMENT

St. Joseph Health, St. Mary developed a Community Health Needs Assessment (CHNA) planning process in partnership with the corporate Strategy and Community Partnership departments of St. Joseph Health. Both primary and secondary health data was collected from local, state and national sources including, but not limited to: The 2010 US Census, internal hospital data, AskCHIS, and HTSA and CNI community profile mapping. A consulting firm named the Olin Group provided facilitation assistance during community input and data analysis.

Community input was obtained by hosting five (5) resident focus groups and stakeholder meetings. Meetings were held in the Hospital's Primary and Secondary Service areas including meets in low income communities with a least one meeting conducted in Spanish. Health data collected for the CHNA was prioritized in community meetings and at the hospital's Community Benefit Committee meetings. A criterion for rating and weighing the 15 health and socioeconomic needs was applied. The hospital's Community Benefit Committee reviewed the prioritized list and ratings and selected three priorities for the hospital's FY18 to FY20 Community Benefit Plan.

COLLABORATING ORGANIZATIONS

Numerous community partners assisted St. Joseph Health, St. Mary in completing the CHNA. Many of these partners serve key roles helping address health and social needs in the region. These include, but are not limited to: The Apple Valley and Hesperia Unified School Districts which offered locations to host resident focus groups in low income communities. These school partners also recruited parents to attend focus group meetings.

Additionally, Another Level for Women in Adelanto and Victor Lutheran Church in old-town Victorville hosted resident focus groups. Academy Go and San Bernardino County Department of Education provided staff and meeting space where leaders of local non-profits and government agencies discussed health and social needs and provided input on prioritizing community issues. These organizations included, but are not limited to: Inland Empire United

Way, Inland Empire Health Plan, St. John of God Healthcare Services, San Bernardino County of Public Health, Azusa Pacific University, Faith Communities Active in Community Transformation, Broken Heart Ministries, High Desert Community Outreach, San Bernardino County Department of Education, San Bernardino County Workforce Development, San Bernardino County Sheriff Department (Adelanto office), and the offices of County Supervisor Robert Lovingood and Congressman Paul Cook.

COMMUNITY INPUT

The hospital developed a community engagement plan in consultation with St. Joseph Health's Community Partnership Fund and the Olin Group. Health and socio-economic data was collected for the hospital's Primary and Secondary Service Areas including mapping of high needs identified at the zip code level. Identification of neighborhoods with multiple unmet health and socio economic needs informed selecting partners and neighborhoods to host resident focus groups in Adelanto, Apple Valley, Hesperia and Victorville. Key partners included Another Level for Women (north Adelanto – Spanish resident focus group), Apple Valley Unified School District (Phoenix Academy – parent focus group) Hesperia Unified School District (Hesperia Family Resource Center – parent focus group) and Victor Lutheran Church (a resident leader group meeting in old town Victorville). Finally, Academy Go assisted in contacting leaders of non-profit agencies and government agencies for a large stakeholder meeting held in Apple Valley. Academy Go is the region's authority working with non-profit organizations on capacity building and fund raising. This larger meeting of local leaders enabled the hospital to obtain feedback from community stakeholders as to how health and socioeconomic issues impact their programs.

Facilitators from the Olin Group led all resident and stakeholder meetings. Input from each resident meeting identified barriers accessing resources and economic instability as key concerns with mental health and obesity also cited. Adelanto residents voiced concerns over crime and public safety while Apple Valley residents discussed the political will of the community addressing homelessness. All groups discussed access to affordable, healthy foods as barriers with north Adelanto residents urging additional supermarkets be built. Concerns over walkability and street safety were discussed especially among residents of the Hesperia focus group. Concerns about drug use in public areas like parks were identified during discussions about mental health. One the next page is a list of the 15 significant health needs as well as the list of three (3) prioritized issues.

SIGNIFICANT HEALTH NEEDS

Significant Health Need	Health Category
1. Access to Resources	Clinical Care
2. Mental Health	Health Outcome
3. Obesity	Health Behavior
4. Diabetes	Health Outcome
5. Food and Nutrition	Health Behavior
6. Substance Abuse	Health Behavior
7. Lack of Exercise	Health Behavior
8. Education	Socioeconomic
9. Economic Insecurity	Socioeconomic
10. Walkability	Physical Environment
11. Homelessness	Socioeconomic
12. Insurance and Cost of Care	Clinical Care
13. Housing Concerns	Physical Environment
14. Pollution and Air Quality	Physical Environment
15. Crime and Safety	Physical Environment

PRIORITY HEALTH NEEDS

Significant Health Need	Health Category
1. Access to Resources	Clinical Care
2. Mental Health/Substance Abuse	Health Outcome
3. Obesity	Health Behavior

INTRODUCTION

WHO WE ARE AND WHY WE EXIST

As a ministry founded by the Sisters of St. Joseph of Orange, St. Joseph Health, St. Mary lives out the tradition and vision of community engagement set out hundreds of years ago. The Sisters of St. Joseph of Orange trace their roots back to 17th century France and the unique vision of a Jesuit Priest named Jean-Pierre Medaille. Father Medaille sought to organize an order of religious women who, rather than remaining cloistered in a convent, ventured out into the community to seek out "the Dear Neighbors" and minister to their needs.

The congregation managed to survive the turbulence of the French Revolution and eventually expanded not only throughout France but throughout the world. In 1912, a small group of the Sisters of St. Joseph traveled to Eureka, California, at the invitation of the local Bishop, to establish a school. A few years later, the great influenza epidemic of 1918 caused the sisters to temporarily set aside their education efforts to care for the ill. They realized immediately that the small community desperately needed a hospital. Through bold faith, foresight and flexibility, in 1920, the Sisters opened the 28 bed St. Joseph Hospital Eureka and the first St. Joseph Health ministry.

In 2016 (FY16) St. Mary invested $18, 081,168 in community benefit and an unpaid cost of Medicare of $ 13,245,067.

MISSION, VISION, VALUES AND STRATEGIC DIRECTION

Our Mission

To extend the healing ministry of Jesus in the tradition of the Sisters of St. Joseph of Orange by continually improving the health and quality of life of people in the communities we serve.

Our Vision

We bring people together to provide compassionate care, promote health improvement and create healthy communities.

Our Values

The four core values of St. Joseph Health -- Service, Excellence, Dignity and Justice -- are the guiding principles for all we do, shaping our interactions with those whom we are privileged to serve.

St. Joseph Health St. Mary has been meeting the health and quality of life needs of the local community for 60 years since it was founded in 1956. A member of St. Joseph Health since 1994,

the facility has 212 licensed beds. It serves the communities of Adelanto, Apple Valley, Hesperia and Victorville and numerous unincorporated areas including Helendale, Lucerne Valley and Phelan-Oak Hills.

St. Joseph Health, St. Mary is an acute care hospital that provides quality care in the areas of Breast Cancer, Cardiac Care, Diabetes, Emergency Services, Imaging Center, Maternity, Outpatient Testing, Rehabilitation, Respiratory Services, Stroke, Surgery Center, Surgical Services, Vascular Services Women and Children, and Wound Care. With 1,751 employees committed to realizing the mission, St. Joseph Health, St. Mary is one of the largest employers in the region.

Strategic Direction

As we move into the future, St. Joseph Health, St. Mary is committed to furthering our mission and vision while transforming healthcare to a system that is health-promoting and preventive, accountable in its inevitable rationing decisions, integrated across a balanced network of care and financed according to its ability to pay. To make this a reality, over the next five years St. Joseph Health and St. Mary Medical Center are strategically focused on two key areas to which the Community Benefit (CB) Plan strongly align: population health management and network of care.

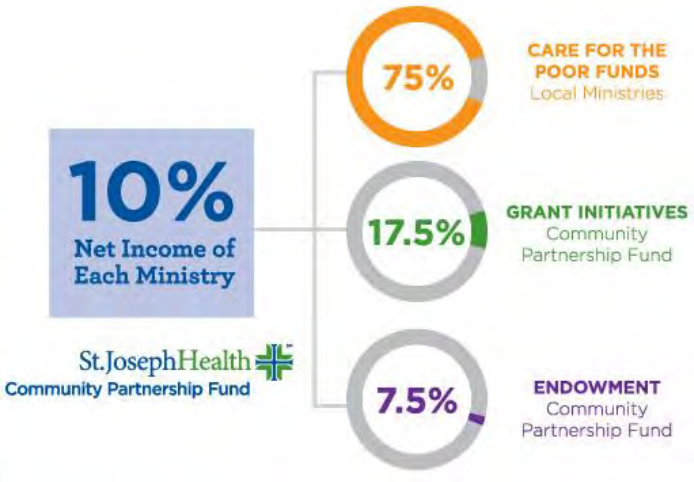
OUR COMMITMENT TO COMMUNITY

Organizational Commitment

St. Joseph Health, St. Mary dedicates resources to improve the health and quality of life for the communities it serves, with special emphasis on the needs of the economically poor and underserved.

In 1986, St. Joseph Health created the St. Joseph Health Community Partnership Fund (SJH CPF) (formerly known as the St. Joseph Health System Foundation) to improve the health of low-income individuals residing in local communities served by SJH hospitals.

Figure 1. Fund distribution



Each year St. Joseph Health, St. Mary allocates 10% of its net income (net unrealized gains and losses) to the St. Joseph Health Community Partnership Fund. (See Figure 1). 75% of the contributions are used to support local hospital Care for the Poor programs. 17.5% is used to support SJH Community Partnership Fund grant initiatives. The remaining 7.5% is designated

toward reserves, which helps ensure the Fund's ability to sustain programs into the future that assist low-income and underserved populations.

Furthermore, St. Joseph Health, St. Mary will endorse local non-profit organization partners to apply for funding through the St. Joseph Health Community Partnership Fund. Local non-profits that receive funding provide specific services and resources to meet the identified needs of underserved communities throughout St. Joseph Health hospitals' service areas.

Community Benefit Governance

St. Joseph Health, St. Mary further demonstrates organizational commitment to the community benefit process through the allocation of staff time, financial resources, participation and collaboration. The Vice President of Mission Integration and Director of Community Services are responsible for coordinating implementation of California Senate Bill 697 provisions and Federal 501r requirements as well as providing the opportunity for community leaders and internal hospital Executive Management Team members, physicians and other staff to work together in planning and implementing the Community Benefit Plan.

The Community Benefit (CB) Management Team provides orientation for all new Hospital employees on Community Benefit programs and activities, including opportunities for community participation.

A charter approved in 2007 establishes the formulation of the St. Joseph Health, St. Mary Community Benefit Committee. The role of the Community Benefit Committee is to support the Board of Trustees in overseeing community benefit issues. The Committee acts in accordance with a Board-approved charter. The Community Benefit Committee is charged with developing policies and programs that address identified needs in the service area particularly for underserved populations, overseeing development and implementation of the Community Health Needs Assessment and Community Benefit Plan/Implementation Strategy Reports, and overseeing and directing the Community Benefit activities.

The Community Benefit Committee has a minimum of eight members including three members of the Board of Trustees. Current membership includes four members of the Board of Trustees and three community members. A majority of members have knowledge and experience with the populations most likely to have disproportionate unmet health needs. The Community Benefit Committee generally meets quarterly.

Roles and Responsibilities

Senior Leadership

- CEO and other senior leaders are directly accountable for CB performance.

Community Benefit Committee (CBC)

- CBC serves as an extension of trustees to provide direct oversight for all charitable program activities and ensure program alignment with "Advancing the State of the Art of Community Benefit" (ASACB) Five Core Principles. It includes diverse community stakeholders. Trustee members on CBC serve as 'board level champions'.
- The committee provides recommendations to the Board of Trustees regarding budget, program targeting and program continuation or revision.

Community Benefit (CB) Department

- Manages CB efforts and coordination between CB and Finance departments on reporting and planning.
- Manages data collection, program tracking tools and evaluation.
- Develops specific outreach strategies to access identified Disproportionate Unmet Health Needs (DUHN) populations.
- Coordinates with clinical departments to reduce inappropriate ER utilization.
- Advocates for CB to senior leadership and invests in programs to reduce health disparities.

Local Community

- Partnership to implement and sustain collaborative activities.
- Formal links with community partners.
- Provide community input to identify community health issues.
- Engagement of local government officials in strategic planning and advocacy on health related issues on a city, county, or regional level.

OUR COMMUNITY

Description of Community Served

St. Joseph Health, St. Mary provides San Bernardino County's Victor Valley communities with access to advanced care and advanced caring. The hospital's service area extends from Apple Valley in the north, Hesperia in the south, Lucerne Valley in the east and Adelanto in the west. Our Hospital Total Service Area includes the cities of Adelanto, Apple Valley, Hesperia and Victorville along with the rural communities of Lucerne Valley and Helendale. This includes a population of approximately 372,642 people, an increase of 13% from the prior assessment.

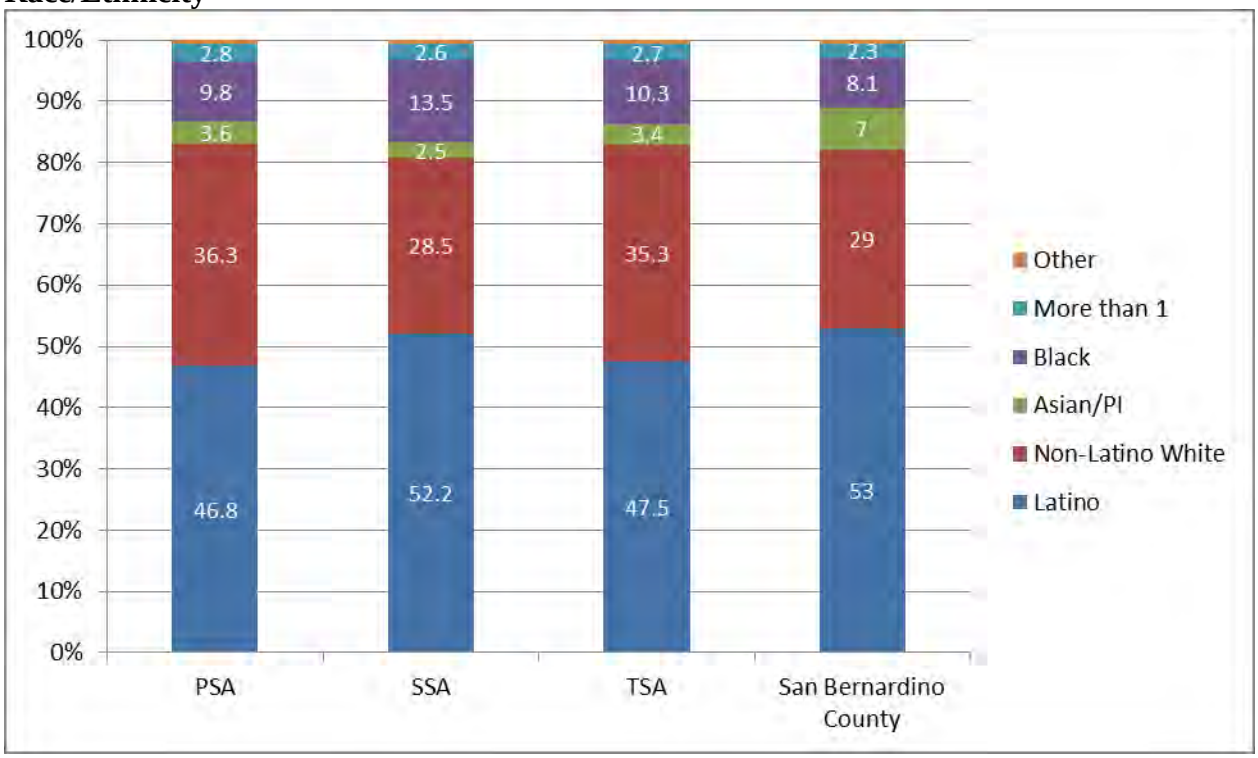
Community Profile

The table and graph below provide basic demographic and socioeconomic information about the St. Joseph Health, St. Mary Medical Center Service Area and how it compares to San Bernardino County and the state of California. The Total Service Area (TSA) of St. Mary Medical Center has almost 375,000 people, with a median household income of approximately $50,000. Compared to California, the service area has more Latinos and African-Americans and fewer Asian/Asian-Americans. Compared to the county and, particularly, the state, the service area is less prosperous, with lower median incomes and greater poverty.

Service Area Demographic Overview

Indicator	PSA	SSA	TSA	San Bernardino County	California
Total Population	323,674	48,968	372,642	2,118,866	38,986,171
Under Age 18	28.1%	30.2%	28.4%	27.0%	23.6%
Age 65+	12.1%	10.5%	11.8%	10.5%	13.2%
Speak only English at home	71.9%	64.0%	70.9%	58.9%	56.2%
Do not speak English "very well"	9.7%	14.1%	10.3%	16.2%	19.1%
Median Household Income	$51,555	$41,253	$50,500	$55,726	$62,554
Households below 100% of FPL	18.3%	27.8%	19.4%	15.3%	12.3%
Households below 200% FPL	39.5%	51.3%	40.9%	36.0%	29.8%
Children living below 100% FPL	30.7%	44.1%	32.5%	26.4%	22.7%
Older adults living below 100% FPL	12.0%	13.9%	12.2%	11.5%	10.2%

Race/Ethnicity



Race/Ethnicity data is based on self-reported responses in accordance with US Census categories.

Hospital Total Service Area

The community served by the Hospital is defined based on the geographic origins of the Hospital's inpatients. The Hospital Total Service Area is comprised of both the Primary Service Area (PSA) as well as the Secondary Service Area (SSA) and is established based on the following criteria:

- PSA: 70% of discharges (excluding normal newborns)

- SSA: 71%-85% of discharges (draw rates per ZIP code are considered and PSA/SSA are modified accordingly)
- Includes ZIP codes for continuity
- Natural boundaries are considered (i.e., freeways, mountain ranges, etc.)
- Cities are placed in PSA or SSA, but not both

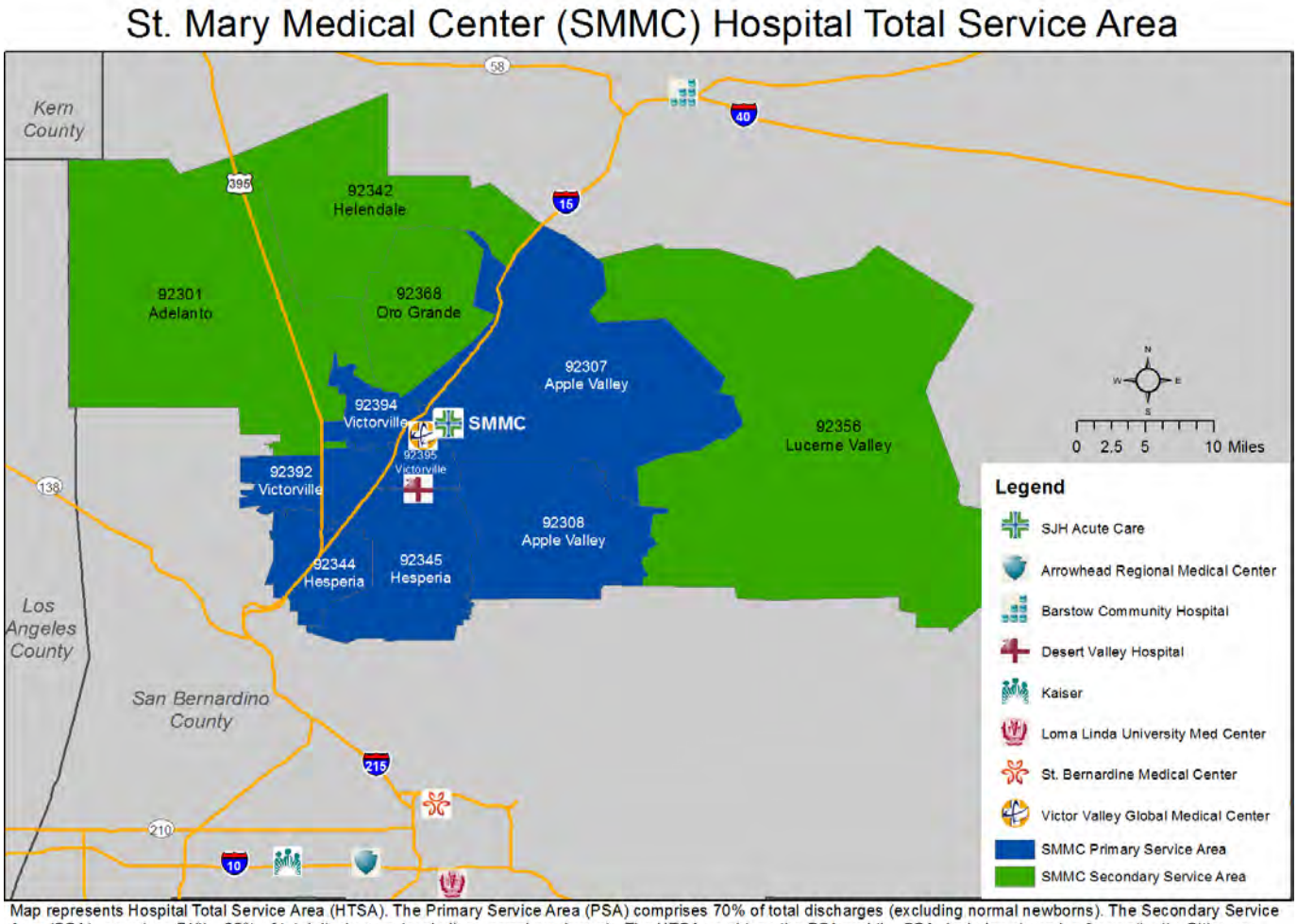
The Primary Service Area ("PSA") is the geographic area from which the majority of the Hospital's patients originate. The Secondary Service Area ("SSA") is where an additional population of the Hospital's inpatients reside. The PSA is comprised of Apple Valley, Hesperia and Victorville. The SSA is comprised of the city of Adelanto, and rural communities including Helendale, Lucerne Valley and Oro Grande.

Table 1. Cities and ZIP codes

Cities/ Communities	ZIP Codes	PSA or SSA
Adelanto	92301	SSA
Apple Valley	93307, 92308	PSA
Helendale	92342	SSA
Hesperia	92344, 92345	PSA
Lucerne Valley	92356	SSA
Oro Grande	92368	SSA
Victorville	92392, 92394, 92395	PSA

Figure 1 (below) depicts the Hospital's PSA and SSA. It also shows the location of the Hospital as well as the other hospitals in the area that are a part of St. Joseph Health.

Figure 1. Hospital Total Service Area



Map represents Hospital Total Service Area (HTSA). The Primary Service Area (PSA) comprises 70% of total discharges (excluding normal newborns). The Secondary Service Area (SSA) comprises 71% - 85% of total discharges (excluding normal newborns). The HTSA combines the PSA and the SSA. Includes zip codes for continuity. Cities are placed in either PSA or SSA, but not both.
Prepared by the St. Joseph Health Strategic Services Department, April 2016.

Community Need Index (Zip Code Level) Based on National Need

The Community Need Index (CNI) was developed by Dignity Health (formerly known as Catholic Healthcare West (CHW)) and Truven Health Analytics. The Community Needs Index (CNI) identifies the severity of health disparity for every zip code in the United States and demonstrates the link between community need, access to care, and preventable hospitalizations.

CNI aggregates five socioeconomic indicators that contribute to health disparity (also known as barriers):

- Income Barriers (Elder poverty, child poverty and single parent poverty)
- Culture Barriers (non-Caucasian limited English)
- Educational Barriers (% population without HS diploma)

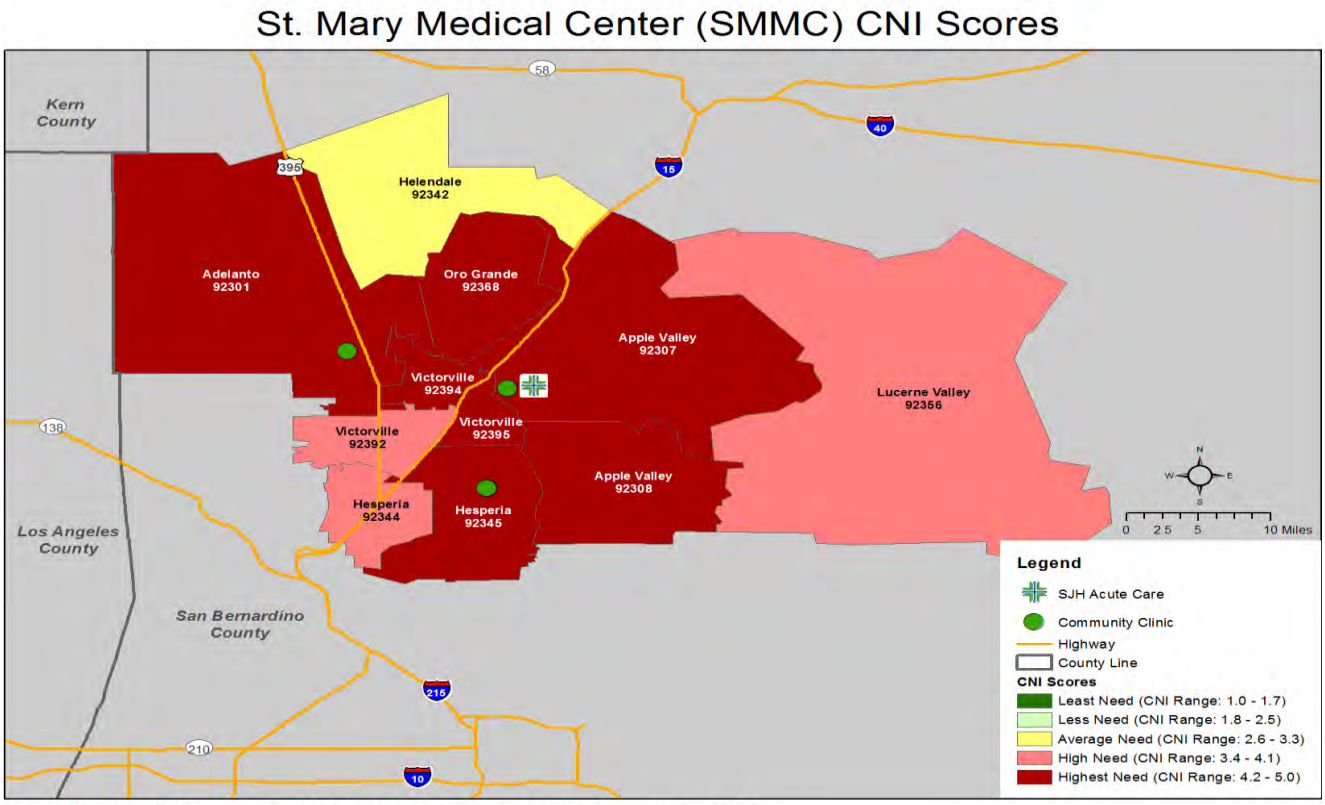
- Insurance Barriers (Insurance, unemployed and uninsured)
- Housing Barriers (Housing, renting percentage)

This objective measure is the combined effect of five socioeconomic barriers (income, culture, education, insurance and housing). A score of 1.0 indicates a zip code with the fewest socioeconomic barriers, while a score of 5.0 represents a zip code with the most socioeconomic barriers. Residents of communities with the highest CNI scores were shown to be twice as likely to experience preventable hospitalizations for manageable conditions such as ear infections, pneumonia or congestive heart failure compared to communities with the lowest CNI scores. (*Ref (Roth R, Barsi E., Health Prog. 2005 Jul-Aug; 86(4):32-8.)* The CNI is used to a draw attention to areas that need additional investigation so that health policy and planning experts can more strategically allocate resources.

For example, the ZIP code 92301 on the CNI map is scored 5.0, making it a High Need community.

Figure 2 (below) depicts the Community Need Index for the ***hospital's geographic service area based on national need***. It also shows the location of the Hospital as well as the other hospitals in the area that are a part of St. Joseph Health.

Figure 2. St. Joseph Health, St. Mary Community Need Index (Zip Code Level)

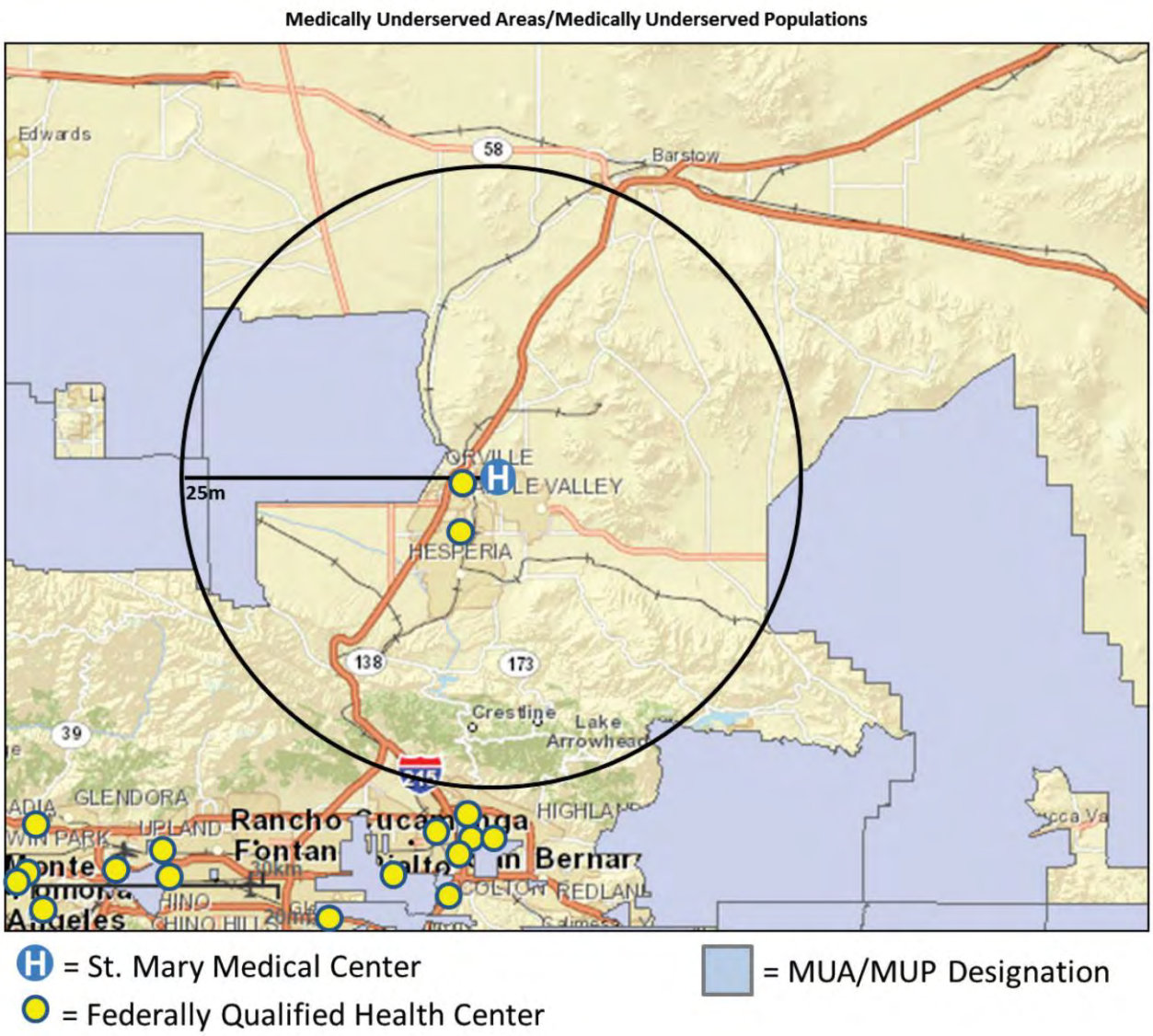


Source: Dignity Health Community Need Index (cni.chw-interactive.org), 2015; Accessed March 2016.
Prepared by the St. Joseph Health Strategic Services Department, April 2016.

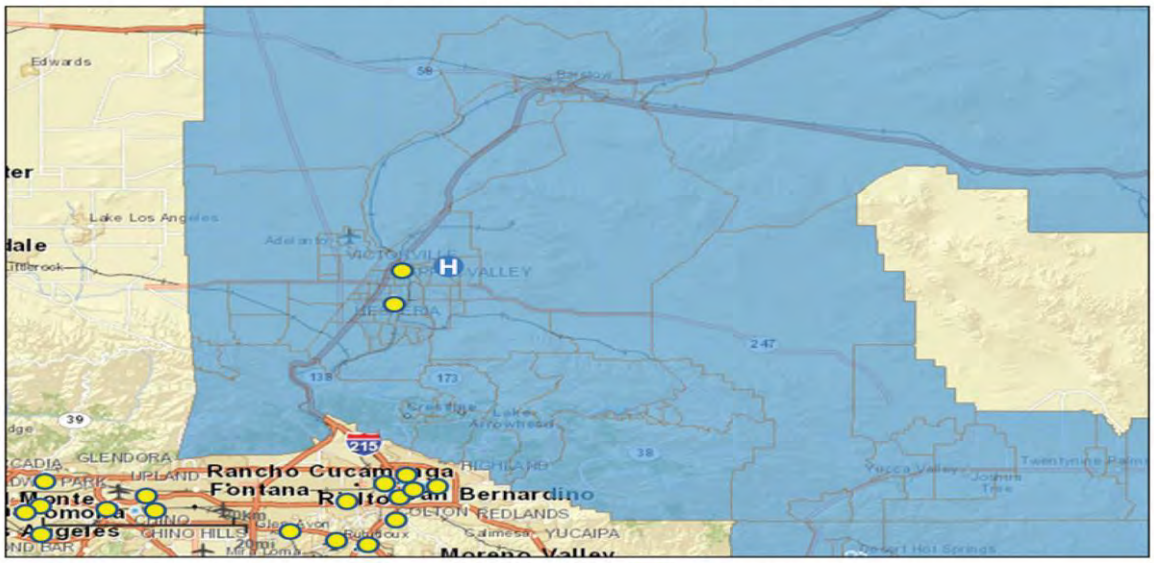
See Appendix 1: Community Needs Index data

Medically Underserved Areas (MUA) and Health Professions Shortage Areas – Mental, Dental, Other

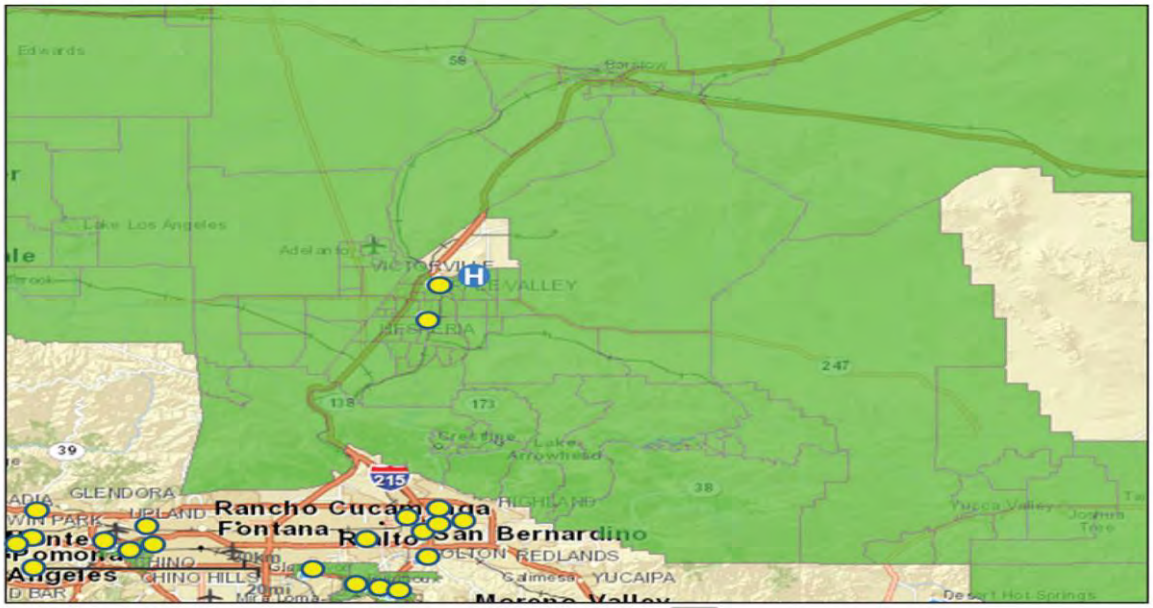
The Federal Health Resources and Services Administration designates Medically Underserved Areas (MUAs) and Health Professional Shortage Areas (HPSA) as areas with a shortage of primary medical care, dental care, or mental health providers. They are designated according to geography (i.e., service area), demographics (i.e., low-income population), or institutions (i.e., comprehensive health centers). The area west of the hospital including portions of Victorville and Adelanto are designed as MUAs and HPSA Populations. The entire service area of St. Joseph Health, St. Mary is located in a HPSA with large portions of the service area needing increased access to primary care and mental health.



Health Professional Shortage Areas



= St. Mary Medical Center
= Federally Qualified Health Center
= HPSA: Mental Care



= St. Mary Medical Center
= Federally Qualified Health Center
= HPSA: Primary Care

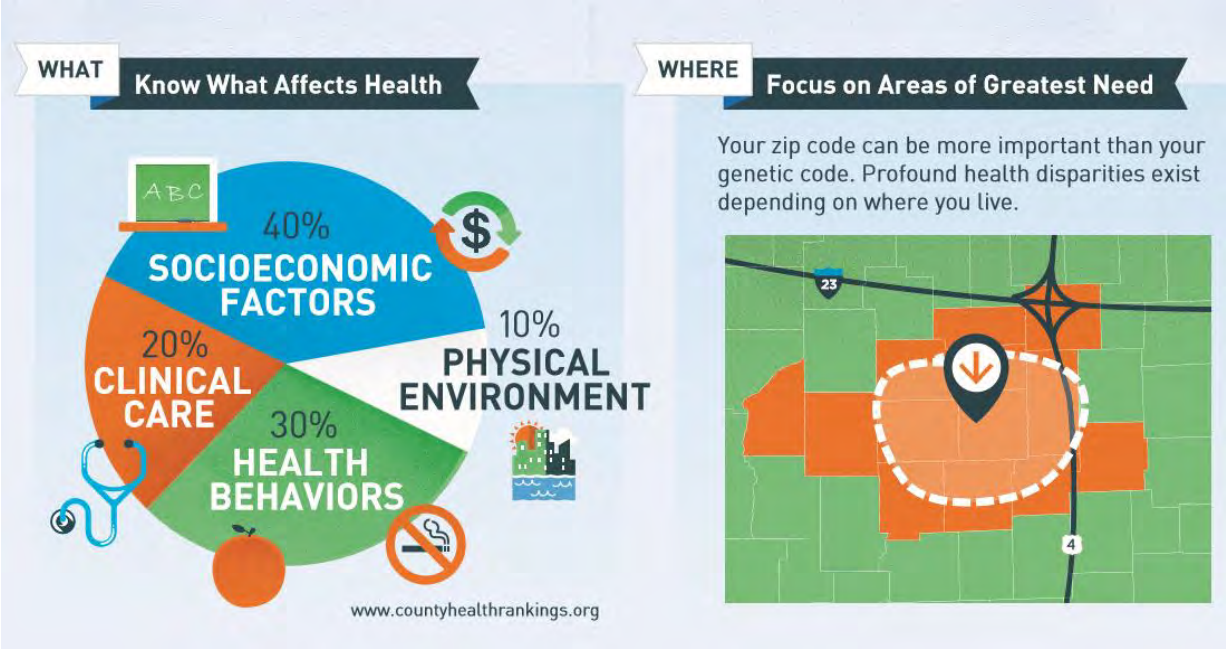
OVERVIEW OF THE CHNA PROCESS

Overview and Summary of the Health Framework Guiding the CHNA

The Community Health Needs Assessment (CHNA) process was guided by the fundamental understanding that much of a person and community's health is determined by the conditions in which they "live, work, play and pray." In gathering information on the communities served by the hospital, we looked not only at the health conditions of the population, but also at socioeconomic factors, the physical environment, health behaviors, and the availability of clinical care. This framework, depicted in the graphic below from County Health Rankings and

Roadmaps, focuses attention on the social determinants of health to learn more about opportunities for intervention that will help people become and stay healthy within their community.

In addition, we recognized that where people live tells us a lot about their health and health needs, and that there can be pockets within counties and cities where the conditions for supporting health are substantially worse. When data was publicly available, it was collected at the zip code level to show the disparities in health and the social determinants of health that occur within the hospital service area.



Examples of the types of information that was gathered, by health factor, are:

Socioeconomic Factors – income, poverty, education, and food insecurity

Physical Environment – crowded living situations, cost of rent relative to incomes, long commutes, and pollution burden

Health Behaviors – obesity[3], sugary drink consumption, physical exercise, smoking, and substance abuse

Clinical Care – uninsured, prenatal care, and the number of people per physician or mental health worker

[3] Per County Health Rankings obesity is listed under the health behavior category of diet and exercise. http://www.countyhealthrankings.org/our-approach/health-factors/diet-and-exercise

In addition to these determinants of health, we also looked at the health outcomes of the people living in the service area, by zip code whenever possible. The health conditions that were examined included:

Health Outcomes – overall health condition, asthma, diabetes, heart disease, cancer, and mental health

METHODOLOGY

Collaborative Partners

The Olin Group is a socially conscious consulting firm working across nonprofit, public, private, and philanthropic sectors to bring about community transformation. Based in Santa Ana, California, The Olin Group has 15 years of experience working on evaluation, planning, assessment, fundraising, communication, and other services for nonprofit organizations, and had previously supported the CHNA process of multiple hospitals in the St. Joseph Health system. The Olin Group served as the lead consultant in the CHNA process, coordinating the quantitative and qualitative data collection processes and assisting in the prioritization and selection of health needs.

Other Collaborative Partners:

1. St. Joseph Health Community Partnerships Department and Strategic Services
2. Academy Go
3. Another Level for Women
4. Apple Valley Unified School District, Phoenix Academy Family Resource Center
5. Community Health Action Network
6. San Bernardino County Department of Public Health
7. San Bernardino County Department of Behavioral Health
8. Stars Behavioral Health
9. United Way 211
10. Community Action Partnership of San Bernardino County
11. Faith Advisory Council for Community Transformation
12. City of Victorville
13. Hesperia Unified School District, Hesperia Family Resource Center
14. Broken Hearts Ministry
15. St. John of God healthcare Services
16. Adelanto Sheriff Department
17. San Bernardino County Workforce development
18. Family Assist
19. Congressman Paul Cook's office
20. Victorville Lutheran Church

21. Victor Community College

Community Partners

St. Mary Medical Center partnered with the following community groups to recruit for and host the Focus Groups and Forums.

Academy for Grassroots Organizations, Victorville. Academy GO works to improve the quality of life in the High Desert Region by supporting and strengthening the social service sector. They provide a variety of resources and nonprofit learning opportunities throughout the region and serve a network of more than 1,000 nonprofit professionals and volunteers. Academy GO supported and hosted the stakeholder focus group held in Apple Valley.

Another Level for Women, Adelanto. Another Level for Women is a faith-based nonprofit organization dedicated to providing financial, emotional, and educational support services for women in the High Desert community, particularly extremely low-income women with children. Another Level for Women recruited for and hosted a resident focus group conducted in Spanish in Adelanto.

Hesperia Unified School District Family Resource Center, Hesperia. The Family Resource Center (FRC) serves families in Hesperia and beyond with such services as educational classes, a lending library, a technology center, and emergency food and clothing resources. The FRC recruited for and hosted a resident focus group.

Phoenix Academy, Apple Valley. Part of the Apple Valley Unified School District, Phoenix Academy serves approximately 1,500 Kindergarten through 8th grade students. Phoenix Academy recruited for and hosted a resident focus group for the Vista Loma and Yucca Loma neighborhoods of Apple Valley.

Trinity Lutheran Church, Victorville. Trinity Lutheran Church, part of the Evangelical Lutheran Church in America, serves the spiritual needs of the Victorville area and beyond. The Church hosted and supported the Community Forum located in the old town section of Victorville.

Secondary Data/Publicly Available Data

Within the guiding health framework for the CHNA, publicly-available data was sought that would provide information about the communities (at the city and zip code level when available) and people within our service area. In addition, comparison data was gathered to show how the service area communities are faring compared to the county or state. Indicators were chosen if they were widely accepted as valid and appropriate measures[4] and would readily communicate the health needs of the service area.

[4] https://wwwn.cdc.gov/CommunityHealth/PDF/Final_CHAforPHI_508.pdf

Preference was given to data that was obtained in the last 5 years and was available at the zip code level. The data sources used are highly regarded as reliable sources of data (e.g., ESRI Business Analyst Online, US Census Bureau American FactFinder, and California Health Interview Survey Neighborhood Edition). In total, 81 indicators were selected to describe the health needs in the hospital's service area. Appendix 2 includes a complete list of the indicators chosen, their sources, the year the data was collected, and details about how the information was gathered.

If an indicator had zip code level data available, data was pooled to develop indicator values for the Total Service Area (TSA), Primary Service Area (PSA), and Secondary Service Area (SSA) of the hospital. This enabled comparisons of zip code level data to the hospital service area and comparisons of the hospital service area to county and state measures.

After the data was gathered, the zip code level data was compared to the Total Service area values and color coded light pink to dark red depending on how much worse a zip code area was compared to the TSA value. This made it easier to visualize the geographic areas with greater health needs. The criteria for color-coding the zip code level data is explained in the spreadsheets in Appendix 2.

Community Input

The process of collecting qualitative community input took three main forms: Community Resident Focus Groups, a Nonprofit and Government Stakeholder Focus Group, and a Community Forum. Each group was designed to capture the collected knowledge and opinions of people who live and work in the communities served by St. Mary Medical Center. We developed a protocol (noted in Appendix 3b) for each group to ensure consistency across individual focus groups, although the facilitators had some discretion on asking follow-up questions or probes as they saw fit. Invitation and recruitment procedures varied for each type of group. Appendix 3 includes a full report of the community input process and findings along with descriptions of the participants.

Resident Focus Groups

For Community Resident Groups, Community Benefit staff, in collaboration with their committees and the system office, identified geographic areas where data suggested there were significant health, physical environment, and socioeconomic concerns. This process also identified the language needs of the community, which determined the language in which each focus group was conducted. Community Benefit staff then partnered with community-based organizations that serve those areas to recruit for and host the focus groups. The community-based organization developed an invitation list using their contacts and knowledge of the area. Participants received a $25 gift card for their time. Two consultants staffed each focus group,

serving as facilitators and note takers. These consultants were not directly affiliated with the ministry to ensure candor from the participants.

Nonprofit and Government Stakeholder Focus Group

For the Nonprofit and Government Stakeholder Focus Group, Community Benefit staff developed a list of leaders from organizations that serve diverse constituencies within the hospital's service area. Ministry staff sought to invite organizations with which they had existing relationships, but also used the focus group as an opportunity to build new relationships with stakeholders. Participants were not given a monetary incentive for attendance. As with the resident focus groups, this group was facilitated by outside consultants without a direct link to St. Joseph Health.

Resident Community Forum

Recruitment for the Community Resident Forum was much broader to encourage as many people as possible to attend the session. Community Benefit staff publicized the event through flyers and emails using their existing outreach networks, and also asked their partner organizations to invite and recruit participants. No formal invitation list was used for the forums and anyone who wished to attend was welcomed. The forum was conducted by an outside consultant in English, with simultaneous Spanish language translation for anyone who requested it.

While the focus groups followed a similar protocol to each other in which five to six questions were asked of the group, the forum followed a different process. The lead facilitator shared the health needs that had emerged from the CHNA process so far and asked the participants to comment on them and add any other concerns. Once the discussion was complete, the participants engaged in a cumulative voting process using dots to indicate their greatest concerns. Through this process, the forum served as something of a "capstone" to the community input process.

Data Limitations and Information Gaps

While care was taken to select and gather data that would tell the story of the hospital's service area, it is important to recognize the limitations and gaps in information that naturally occur.

- Not all desired health-related data was available. As a result proxy measures were used when available. For example, there is limited community or zip code level data on the incidence of mental health, or many health behaviors such as substance abuse.
- Data that is gathered through interviews and surveys may be biased depending on who is willing to respond to the questions and whether they are representative of the population as a whole.

- The accuracy of data gathered through interviews and surveys depends on how consistently the questions are interpreted across all respondents and how honest people are in providing their answers.
- While most indicators are relatively consistent from year to year, other indicators are changing quickly (such as rates of uninsured) and the most recent data available is not a good reflection of the current state.
- Zip code areas are the smallest geographic regions for which many health outcomes and health behavior indicators are publicly available. It is recognized that even within zip codes, there can be populations that are disproportionately worse off. For example, within smaller geographic areas, such as census tracts, socio-economic data provides a more granular understanding of disparity at the neighborhood level. As previously mentioned census tract health outcome and health behavior data was not publicly available to paint a complete picture of community level need.
- Data for zip codes with small populations (below 2000) is often unreliable, especially when the data is estimated from a small sample of the population. Oro Grande (92368) is the only zip code in the service area with fewer than 2000 people.
- Information gathered during focus groups and community forums is dependent on who was invited and who showed up for the event. Efforts were made to include people who could represent the broad interests of the community and/or were members of communities of greatest need.
- Fears about deportation kept many undocumented immigrants from participating in focus groups and community forums and made it more difficult for their voice to be heard.

Process for gathering comments on previous CHNA

St. Joseph Health, St. Mary shared community health data and community feedback with San Bernardino County Public Health's Community Vital Signs and Healthy Communities programs. Information was requested to assist in developing a 2015-2020 San Bernardino County Transformation Plan focused in four (4) areas: Economy, Education, Health and Wellness and Safety. The hospital is also a member of a health planning workgroup attempting to expand access to care county-wide. Finally, the hospital shared CHNA findings with local non-profit partners (to assist in grant writing) and regionally with member hospitals of a Community Benefit workgroup led by the Hospital Association of Southern California – Inland Empire region. In addition, on the St. Mary Medical Center website, the contact information of the SMMC Community Benefit Lead was provided to enable the public to comment on the prior FY14 CHNA and FY15-FY17 CB Plan/Implementation Strategy Reports.

Summary of any comments received

No written comments received.

SELECTED HEALTH INDICATORS: SECONDARY DATA

Selected Health Indicators

For each set of indicators shown below, there are two types of tables. The first table shows the values for the Primary Service Area (PSA), the Secondary Service Area (SSA), the Total Service Area (TSA), the counties that have communities in the service area, and California. The second table shows the areas of greatest need by zip code. For the second table type, the cells are colored red, orange, yellow, or white based on how much worse the indicator value is for that zip code compared to the TSA. The specific definitions for the color coding are shown in the table below.

Indicator	Much Worse	Moderately Worse	Slightly Worse	Not Worse
Household Income	80% or more below the TSA median household income	80.1% - 90% below the TSA median household income	90.1%-95% below the TSA median household income	No color means the value is about the same as, or better than, the TSA
Any indicator shown as a percent	4.0 or more percentage points worse than the TSA value	2-3.9 percentage points worse than the TSA value	1-1.9 percentage points worse than the TSA value	
Pollution Burden	4 or more higher than the TSA value	2-3.999 higher than the TSA value	1-1.999 higher than the TSA value	
Violent Crime	40% or more above the value for the county in which the city is located	20%-39% above the value for the county in which the city is located	10%-19% above the value for the county in which the city is located	

Socioeconomic Indicators

The Total Service Area compares poorly to California and county averages on almost every socioeconomic measure. The city of Adelanto, which comprises 70% of the population of the SSA, and sections of Victorville, in the PSA, have even greater socioeconomic challenges than the TSA.

Indicator	PSA	SSA	TSA	San Bernardino County	California
Socioeconomic Indicators					
Median Household Income	$51,555	$41,253	$50,500	$55,726	$62,554
Households below 100% of FPL	18.3%	27.8%	19.4%	15.3%	12.3%
Households below 200% FPL	39.5%	51.3%	40.9%	36.0%	29.8%
Children living below 100% FPL	30.7%	44.1%	32.5%	26.4%	22.7%
Older adults living below 100% FPL	12.0%	13.9%	12.2%	11.5%	10.2%

Indicator	PSA	SSA	TSA	San Bernardino County	California
Age 25+ and no HS diploma	19.6%	24.8%	20.2%	21.7%	18.5%
Enrolled in Medi-Cal	28.2%	40.1%	29.7%	24.3%	20.3%
Low-income food insecurity	9.3%	13.6%	9.7%	8.5%	8.1%

Areas of Greatest Concern – Cities/communities that are much worse than the Total Service Area average on at least two of the eight socioeconomic indicators shown above.

Indicator	Victorville	Victorville	Adelanto	Oro Grande
	92394	92395	92301	92368
Median Household Income				
Households below 100% of FPL				
Households below 200% FPL				
Children living below 100% FPL				
Older adults living below 100% FPL				
Age 25+ and no HS diploma				
Enrolled in Medi-Cal				
Low-income food insecurity				

Physical Environment

Overcrowded housing is an issue for Adelanto (and the small community of Oro Grande), while rent costs are high for the entire service area. However, this is due more to low incomes than high housing prices. Pollution burden is comparatively high for the service area, and worst in Adelanto.

Indicator	PSA	SSA	TSA	San Bernardino County	California
Physical Environment Indicators					
More than 1 occupant per room	6.5%	9.8%	6.9%	8.8%	8.2%
Renters pay more than 30% of household income for rent	62.7%	73.3%	64.0%	60.6%	57.2%
Pollution Burden	27.901	34.623	30.345	29.709	25.312
Violent crimes (rate per 100,000 inhabitants)	NA	NA	NA	398.4	397.8

Areas of Greatest Concern - Cities/communities that are much worse than the Total Service Area average on at least one of the physical environment indicators shown.

Indicator	Victorville	Adelanto	Lucerne Valley	Oro Grande
	92395	92301	92356	92368
More than 1 occupant per room				

Renters pay more than 30% of household income for rent				
Pollution Burden				
Violent Crime (city level)				

Health Outcomes

The TSA has slightly higher rates of asthma than California, and much higher rates of diabetes compared to the county and state. There also are a higher percentage of disabled individuals than state or county averages. Nearly one quarter of adults report their health as fair or poor in the TSA, which is a higher rate than either the county or state. The rates of fair or poor health are even higher in parts of Victorville, Adelanto, and Oro Grande.

Indicator	PSA	SSA	TSA	San Bernardino County	California
Health Outcome Indicators					
Fair or poor health (ages 0-17)	3.0%	NA	2.9%	2.8%	5.2%
Fair or poor health (ages 18-64)	23.1%	27.8%	23.7%	20.1%	19.2%
Fair or poor health (ages 65+)	28.1%	29.1%	28.2%	28.6%	27.8%
Disabled population (all ages)	12.6%	12.3%	12.5%	10.9%	10.3%
Asthma in children (ages 1-17)	16.1%	14.4%	15.9%	16.0%	14.6%
Asthma in adults (ages 18+)	14.6%	14.9%	14.6%	13.8%	13.9%
Diabetes in adults (ages 18+)	13.1%	13.6%	13.1%	11.2%	8.8%
Heart disease (Ages 18+)	6.0%	5.7%	6.0%	5.2%	5.9%
Serious psychological distress (ages 18+)	8.3%	9.0%	8.4%	8.0%	8.1%

Areas of Greatest Concern - Cities/communities that are much worse than the Total Service Area average on at least one of the health outcome indicators shown.

Indicator	Apple Valley	Victorville	Adelanto	Lucerne Valley	Oro Grande
	92308	92392	92301	92356	92368
Fair or poor health (ages 0-17)			NA	NA	NA
Fair or poor health (ages 18-64)					
Fair or poor health (ages 65+)				NA	NA
Disabled population (all ages)					
Asthma in children (ages 1-17)				NA	NA
Asthma in adults (ages 18+)					
Diabetes in adults (ages 18+)					
Heart disease (Ages 18+)					
Serious psychological distress (ages 18+)					

Health Behaviors

Obesity in adults is more than 10 percentage points higher in the TSA than in the state, and five percentage points higher in teens. The gap in obesity between the TSA and the county is smaller. Rates of sugary drink consumption and regular exercise among adults are worse than state averages.

Indicator	PSA	SSA	TSA	San Bernardino County	California
Health Behavior Indicators					
Overweight (ages 2-11)	21.2%	21.5%	21.2%	19.9%	13.3%
Overweight or obese (ages 12-17)	38.4%	37.0%	38.2%	36.2%	33.1%
Obese (ages 18+)	36.5%	37.3%	36.6%	35.0%	25.8%
Sugary drink consumption (ages 18+)	24.9%	30.1%	25.5%	24.6%	17.4%
Regular physical activity (ages 5-17)	23.8%	27.0%	24.2%	23.9%	20.7%
Walked at least 150 minutes (ages 18+)	28.6%	27.3%	28.4%	29.3%	33.0%
Births per 1,000 teens (ages 15-19)	NA	NA	NA	29.2	23.2

Areas of Greatest Concern - Cities/communities that are much worse than the Total Service Area average on at least one of the health behavior indicators shown.

Indicator	Hesperia	Victorville	Adelanto	Oro Grande
	92344	92394	92301	
Overweight (ages 2-11)				NA
Overweight or obese (ages 12-17)	NA			NA
Obese (ages 18+)				
Sugary drink consumption (ages 18+)	NA			NA
Regular physical activity (ages 5-17)				NA
Walked at least 150 minutes (ages 18+)				

Clinical Care

On the clinical care measures shown below, the TSA is slightly worse in uninsured adults than California, and has lower rates of prenatal care. The SSA is worse than the PSA in both of these metrics. While data about the number of people per provider is not available at the zip code level, note that the county's rates for physicians, dentists, and mental health providers are much worse than the state, indicating a possible shortage of providers.

Indicator	PSA	SSA	TSA	San Bernardino County	California
Clinical Care Indicators					
Uninsured (ages 0-17)	2.1%	NA	2.2%	2.3%	3.2%
Uninsured (ages 18-64)	20.0%	22.7%	20.3%	21.3%	19.3%
First trimester prenatal care	79.9%	73.5%	79.0%	83.4%	83.8%

Indicator	PSA	SSA	TSA	San Bernardino County	California
# of people per primary care physician	NA	NA	NA	1,740:1	1,274:1
# of people per non-physician primary care provider	NA	NA	NA	2,014:1	2,192:1
# of people per dentist	NA	NA	NA	1,543:1	1,264:1
# of people per mental health provider	NA	NA	NA	563:1	356:1

Areas of Greatest Concern - Cities/communities that are much worse than the Total Service Area average on at least one of the clinical care indicators shown.

Indicator	Adelanto	Lucerne Valley	Oro Grande
	92301	92356	92368
Uninsured (ages 0-17)	NA	NA	NA
Uninsured (ages 18-64)			
First trimester prenatal care			

See Appendix 2: Secondary Data /Publicly available data

SUMMARY OF COMMUNITY INPUT

To better understand the community's perspective, opinions, experiences, and knowledge, St. Joseph Health, St. Mary held five sessions in which community members and nonprofit and government stakeholders discussed the issues and opportunities of the people, neighborhoods, towns, and cities of the service area. Below is a high-level summary of the findings of these sessions; full details on the protocols, findings, and attendees are available in Appendix 3. These sessions were scheduled as follows:

Session	City	Date	Language
Community Resident Focus Group	Adelanto	2/24/17	Spanish
Community Resident Focus Group	Apple Valley	3/1/17	English *
Community Resident Focus Group	Hesperia	3/2/17	English
Nonprofit/Government Stakeholder Focus Group	Apple Valley	3/2/17	English
Community Resident Forum	Victorville	3/9/17	English with simultaneous interpretation in Spanish

* This session was primarily conducted in English, but there were several people who were not comfortable in English, so a participant translated the session into Spanish for them.

The following concerns were identified as important by both the community resident and nonprofit and government stakeholder focus groups:

Access to Resources: Discussions about access to resources included both health care, educational, and other support services. There are not enough providers, particularly

specialists such as pediatricians, dentists, and orthopedists in the area, which leads to long wait times or people traveling out of the area for treatment. Transportation was often cited as an issue: many services are not close to public transportation, so it can take hours to get there. Many people work long hours, clinics and doctor's offices and pharmacies are often closed at times when individuals are able to visit. For those not fluent in English, language barriers could also be an impediment to access.

Homelessness: Homelessness was discussed as an issue in Apple Valley and Hesperia, as well as at the stakeholder meeting. In Apple Valley, focus group participants felt it was a growing problem and the town government was not giving it adequate attention. There was also expressed concern for how homeless children were being affected by the adverse experience. In Hesperia, they felt that the town did recognize it but did not have all the necessary resources to address the problem.

Crime and Safety was discussed broadly. Both Adelanto residents and the stakeholders thought crime was a particular issue in that city, but it was also raised in Apple Valley. In most cases, residents talked about how crime prevented them from accessing resources or using facilities such as parks.

Walkability in the area was also a consistent theme. The design of the cities was faulted frequently-- few areas had sidewalks, crosswalks, or street lights. The large distances between locations also made it difficult to walk to get anywhere, worsening access issues. High-speeds and busy streets also present significant barriers to walkers.

Insurance and Cost of Care: While the Affordable Care Act has reduced the number of uninsured individuals, it has not eliminated all problems around cost of care. Some people do not fully understand how to use their insurance, and even if they do, co-pays and prescription costs can often be high enough to constitute a significant barrier for lower-income individuals.

Mental Health: Mental health was discussed frequently, particularly in the form of stress or depression. It was linked to many other issues such as economic challenges and housing. There was also discussion about the effect of adverse childhood experiences on child development.

Food and Nutrition: Challenges around eating healthy was a major discussion point in all of the focus groups. Because healthy food is more expensive and time-consuming to prepare, when faced with a lack of time and money, families often opt to purchase cheaper, quicker, and less healthy options. Supermarket availability and quality was also frequently discussed. Some stakeholders felt that this issue still came down to a matter of choice for residents.

Economic Insecurity: Residents shared their challenges with finding jobs that pay a living wage and the stress of living in poverty or near poverty. Participants saw this as a root cause linked to many other issues.

Obesity: Discussions around obesity centered on its root causes, such as difficulty eating a healthy diet and finding time to exercise. There was also specific discussion about obesity in children.

Lack of Exercise: The challenges around walkability combined with a lack of exercise facilities and a lack of free time led to residents feeling they could not exercise as much as they need. This was a particularly strong theme in Hesperia.

Substance Abuse: Residents were concerned about the effects of substance abuse, both on those using the drugs and the broader community. Drug use often centered in parks, making them less usable by residents.

The following concerns were identified as concerns for the community by the community resident focus groups but were not discussed extensively at the nonprofit/government stakeholder focus group.

Programming and Places for Youth: Residents spoke about the need for places for children to play and develop their skills, as well as the need for planned programming for youth. Parks were not available, poorly maintained, or havens for illegal activity. The cost of activities, particularly organized sports teams, was also an issue.

Vermin: In Apple Valley, focus group participants complained about mice, bed bugs, and other vermin possibly spreading disease.

Weather: At each focus group, the residents complained that the extremes in temperature caused health concerns, and also prevented people from going outside to exercise. It also makes it difficult to garden for those who want to grow their own food.

The following concern was identified by the nonprofit/government stakeholder focus group but was not discussed extensively at the community resident focus groups.

Housing Concerns: While housing may be less expensive here than in other parts of the state, relative to the income levels of the service area, it is still not affordable for many individuals. The low incomes and lack of jobs often lead people to live in crowded, multi-family settings or in lower quality houses.

The following concerns received the most support from the Community Forum. The concern listed here is how the idea was presented for the group voting process. In some cases, the idea has been reclassified or reworded into categories used for this report; this is noted in parentheses

- **Education, including vocational training and higher education**
- **Community Education, such as healthy behaviors, nutrition, exercise, gardening**

- **Walkability**
- **Jobs and Salaries (Economic Insecurity)**
- **Too Few Specialists (Access to Resources)**
- **Homelessness**
- **Mental health and Stress**
- **Safe Houses for Teens**
- **No Major Medical Center (Access to Resources)**
- **Lack of Exercise**

See Appendix 3: Community Input

COMMUNITY ASSETS AND RESOURCES

Significant Health Need and Assets Summary
Communities with Disproportionate Unmet Health Needs (DUHN) are communities defined by zip codes where there is a higher prevalence or severity for a particular health concern than the general population within St. Joseph Health, St. Mary Service Area.

Communities with DUHN generally meet one of two criteria: *either* there is a high prevalence or severity for a particular health concern to be addressed by a program activity, or there is evidence that community residents are faced with multiple health problems and have limited access to timely, high quality health care.

The following table lists the DUHN communities/groups and identified significant health needs and community resources/assets.

Significant Health Need	Target Population	Geographic Area (City, Zip Code, County)	Community Resources (Name of Organization(s)
Access to Resources	Low income persons and broader community; residents of rural communities	Parts of PSA and SSA Adelanto, Phelan, Oro Grande, old-town Victorville and Lucerne Valley	San Bernardino County Public Health Dept. San Bernardino County Department of Behavioral Health, local school districts, Victor Valley Transit Authority
Mental Health	Low income and broader community	Parts of PSA and SSA Adelanto, Apple Valley, Phelan, old-town Victorville, Oro Grande and Lucerne Valley	San Bernardino County Department of Behavioral Health, Family Service Agency of San Bernardino, Mission Community Clinic, National Alliance for Mental Health,

Mental Health continued			(NAMI) Stars Behavioral Health Walk-in Center, Sunset Hills Children's Foundation, Special Education counseling services (SELPA)
Obesity	Low income persons and broader community	Parts of PSA and SSA Adelanto, Apple Valley, Hesperia, Phelan, old-town Victorville, Oro Grande and Lucerne Valley	San Bernardino County's Vision2Be Active and Nutrition Department's Communities of Excellence, Health & Soul and Retail programs, Healthy City campaigns of Adelanto, Apple Valley, Hesperia, Snowline and Victorville, Summer Meals Program, Heritage Victor Valley Medical Group
Diabetes	Low income persons and broader community	Parts of PSA and SSA Adelanto, Apple Valley, Hesperia, Phelan, old-town Victorville, Oro Grande and Lucerne Valley	St. Mary High Desert Medical Group, Heritage Victor Valley Medical Group
Food and Nutrition	Low income persons and broader community	Parts of PSA and SSA Adelanto, Apple Valley, Hesperia, Phelan, old-town Victorville, Oro Grande and Lucerne Valley	Community Action Partnership- High Desert Food Collaborative, Food Forward, Broken Hearts Ministry, Lords Table, Another Level for Women, Victor Rescue Mission, High Desert Outreach, Squash4Friends, Community Health Action Network, Summer Meals program and schools hosting
Substance Abuse	Low income persons	Parts of PSA and SSA Adelanto, old-town Victorville, Oro Grande, Phelan and Lucerne Valley	San Bernardino County Department of Behavioral Health, AEGIS, Mission City Clinic, St. John of God Healthcare Services, Family Service Agency of San Bernardino County, Stars

			Behavioral Health Walk-in Center, No Drugs America
Lack of Exercise	Low income persons and broader community	Parts of PSA and SSA Adelanto, old-town Victorville, , Oro Grande, Phelan and Lucerne Valley	Healthy City recreation programs, Free Zumba initiatives in Adelanto and old-town Victorville, Adelanto School District(summer pool), City of Adelanto,(new Richardson Park walking path) City of Victorville and Town of Apple Valley (installing sections of Mojave River Walk), Town of Apple Valley's "Vantastic" mobile play program
Education	Low income persons and Broader Communities	Parts of PSA and SSA Adelanto, Lucerne Valley, Phelan and old-town Victorville	Adelanto School District, Lucerne Valley School District, Snowline School District, Victor Community College, Alliance For Education, Millionaire Mind Kids, California State University, San Bernardino, Don Ferrarese Charitable Foundation, SELPA education programs
Economic Insecurity	Low income persons and Broader Communities	Parts of PSA and SSA Adelanto, Apple Valley, Hesperia, Lucerne Valley, Phelan and old-town Victorville	Local city Economic Development Departments, San Bernardino County Department of Economic Development and Workforce Development
Walkability	Low income persons and Broader Communities	Parts of PSA and SSA	City planning and economic development departments, Southern California Association of Governments, Mojave Air Quality Management District
Homelessness	Chronically ill homeless (e.g., severe brain	Parts of PSA, old-town Victorville	San Bernardino County Department of Behavioral Health (office of homeless

	disease, substance abuse, criminal record, pedophilia), families in crisis (without housing), runaway youth, foster youth		services), City of Victorville, High Desert Homeless Services, Orinda Foundation, Azusa Pacific Nursing Program, San Bernardino County Sheriff (HOPE program) Step Up
Insurance and Cost of Care	Low income persons	Parts of PSA and SSA Adelanto, Apple Valley, Hesperia, Lucerne Valley, Phelan and old-town Victorville	Covered California, San Bernardino County Community Clinic Association, San Bernardino County Public Health and Department of Behavioral Health, Inland Empire Health Plan, Molina, Mission City, Azusa Pacific University Nursing Program, St. John of God Healthcare Services, Clinica Familia
Housing Concerns	Low income persons and Broader Communities	Parts of PSA and SSA Adelanto, Apple Valley, Hesperia, Lucerne Valley, Phelan and old-town Victorville	Low income housing stabilization programs of Adelanto, Apple Valley, Hesperia and Victorville, Housing Authority of San Bernardino County and Transitional Assistance Department, Housing Partners I Inc.
Pollution and Air Quality	Low income persons and Broader Communities	PSA – old town Victorville SSA - Adelanto	Mojave Air Quality Management District, San Bernardino County Department of Environmental Health, Community Action Partnership (lead paint abatement of residential housing)
Crime and Safety	Low income persons and Broader Communities	PSA – Vista Loma and Yucca Loma neighborhoods of Apple Valley, old town	Sheriff departments of Adelanto, Apple Valley, Hesperia and Victorville, local school districts of Adelanto,

		Victorville, main street Hesperia – old town SSA – north Adelanto	Apple Valley, Hesperia and Victorville.

Please see resources below:
San Bernardino: http://sanbernardino.networkofcare.org/mh/
http://cms.sbcounty.gov/cao-vision/Home.aspx
http://wp.sbcounty.gov/vision2bactive/
http://www.sbcounty.gov/uploads/dph/publichealth/documents/2015-SBC-DPH-Strategic-Plan.pdf

Existing Health care Facilities in the Community

See Appendix 5: Existing Health care Facilities in the Community

SIGNIFICANT HEALTH NEEDS

The graphic below depicts both how the compiled quantitative community-level data and community input (focus group and community forum data) were analyzed to generate the list of significant health needs, as well as the prioritization process that allowed the selection of three significant health needs around which St. Mary Medical Center will build its FY18-FY20 Community Benefit/Implementation Report. Details of the selection and prioritization process are provided in the sections that follow and in Appendix 4.

	Generating List of Significant Health Needs	Prioritization Step 1	Prioritization Step 2	Prioritization Step 3	Prioritization Step 4
Who	**2 external raters**	**2 external raters**	**Community Benefit Lead and internal Work group**	**Community Benefit Lead**	**Community Benefit Committee**
What	A comprehensive review of data & community input	Apply the following criteria per significant health need	Apply the following criteria per significant health need	Review through two filters	Review List of issues and narrow to 1-3 priority areas for FY18-FY20 CB Plan/ Implementation Strategy Report
Criteria	All sources were analyzed for severity of the problem and level of community concern.	1. Seriousness of the problem 2. Scope of the problem – # of people affected 3. Scope of the problem –compared to other areas 4. Health disparities among population groups 5. Importance to the community 6. Potential to affect multiple health issues (root cause) 7. Implications for not proceeding	1. Sustainability of impact 2. Opportunities for coordination/ partnership 3. Focus on prevention 4. Existing efforts on the problem 5. Organizational competencies	1. Is it aligned with the Mission of St. Joseph Health? 2. Does it adhere to the Catholic Ethical and Religious Directives?	1. Is the health need relevant to the ministry? 2. Is there potential to make meaningful progress on the issue? 3. Is there a meaningful role for the ministry on this issue? 4. Where do we want to invest our time and resources over the next three years?
Scale	**Multiple**	**1-5 scale**	**1-5 scale**	**Yes or No**	**CB Committee Dialogue**

Selection Criteria and Process

Evaluators from The Olin Group performed a rigorous review of the publicly-available data and community input to identify 15 significant health needs for St Mary Medical Center.

The selection process began with the development of a general list of potential health needs, derived from a broad review of the indicator data, focus group findings, and literature around health concerns and social determinants of health. The goal of the selection process was to analyze the wide variety and large quantity of information obtained through the quantitative and qualitative processes in a consistent manner. Each source of input was considered as follows:

- Quantitative Data: Weighting was based on how the service area compared to California and county averages and how individual cities and zip codes compared to the service area averages. Note that for some health needs, such as walkability of neighborhoods, data was not readily available.
- Resident Focus Groups: Focus Group transcripts and notes were reviewed and considered both at the individual focus group level and collectively across focus groups. Weighting was related to how often and how extensively an issue was discussed by the participants.

- Stakeholder Focus Group: Weighting for the stakeholder group was based on how strongly the problem was discussed by the participants and the extent of agreement among the participants about the problem.
- Community Resident Forum: The Community Forum was designed to measure the importance of an issue to attendees. The forum ended with "dot voting" on significant health issues allowing all participants to have a voice in indicating which issues were most important to them. Issues that received more votes were considered to be more important to the community.

In developing the list of significant health needs, the quantitative data was given equal weight to the community input. After reviewing and rating all the available information, the list of potential health needs was ranked from greatest to lowest need for the ministry and the top 15 were recommended by The Olin Group for further consideration.

Before the final selection of significant health needs, two reviews took place. First, The Olin Group reviewed the list to determine if there were needs that were identified as priorities through the community process but not highlighted by the data, or for which no data was available. In some cases, a significant health need may have been added to the list due to this review. In the second review, the Community Benefit Lead examined the list, using his ministry-specific knowledge to determine if the significant health needs should be consolidated or added. Once the review was completed, the list was finalized for prioritization.

PRIORITY HEALTH NEEDS

Prioritization Process and Criteria

To rank order the list of significant health needs and ultimately select the three health needs to be addressed by St. Mary Medical Center, a four-step process was followed that incorporated the experience, expertise, and perspective of both internal and external stakeholders of the ministry. The criteria and rating scales can be found in Appendix 4.

Step 1: Using criteria that were developed in collaboration with the St. Joseph Health System Office and the Community Benefit Lead, The Olin Group Evaluation Team scored each health need on seven criteria.

- Seriousness of the Problem: The degree to which the problem leads to death, disability, and impairs one's quality of life
- Scope of the Problem 1: The number of people affected, as a percentage of the service area population
- Scope of the Problem 2: The difference between the percentage of people affected in the service area compared to regional and statewide percentages
- Health Disparities: The degree to which specific socioeconomic or demographic groups are affected by the problem, compared to the general population
- Importance to the Community: The extent to which participants in the community engagement process recognized and identified this as a problem

- Potential to Affect Multiple Health Issues: Whether or not this issue is a root cause, and the extent to which addressing it would affect multiple health issues
- Implications for Not Proceeding: The risks associated with exacerbation of the problem if it is not addressed at the earliest opportunity

Step 2: The Community Benefit Lead for St. Mary Medical Center convened a working group of internal and external stakeholders to complete the second stage of prioritization. This working group applied 4 criteria to each need.

- Sustainability of Impact: The degree to which the ministry's involvement over the next 3 years would add significant momentum or impact, which would remain even if funding or ministry emphasis on the issue were to cease.
- Opportunities for Coordination and Partnership: The likelihood that the ministry could be part of collaborative efforts to address the problem.
- Focus on Prevention: The existence of effective and feasible prevention strategies to address the issue.
- Existing Efforts on the Problem: The ability of the ministry to enhance existing efforts in the community.

The Community Benefit Staff participating in the working group also considered a fifth criterion:

- Organizational Competencies: The extent to which the ministry has or could develop the functional, technical, behavioral, and leadership competency skills to address the need.

Step 3: Two final criteria were considered by the Community Benefit Lead for each health need.

- Relevance to the Mission of St. Joseph Health: Is this area relevant to or aligned with the Mission of St. Joseph Health?
- Adherence to Ethical and Religious Directives: Does this area adhere to the Catholic Ethical and Religious Directives?

If the answer was "No" to either question, the health need was dropped from further consideration. None of the needs were dropped at this step.

Step 4: The final step of prioritization and selection was conducted by the St. Mary Medical Center Community Benefit Committee, which reviewed the list of identified health needs rank-ordered by the results of the first three steps of the prioritization process. The Committee discussed each need and its relevance to the ministry, the potential for progress on the issue, and the potential role of the ministry in addressing the need. After extensive discussion, the Committee selected three priorities for inclusion in the plan.

Rank-ordered significant health needs

The matrix below shows the 15 health needs identified through the selection process, and their final prioritized scores. The check marks indicate each source of input and whether this issue was identified as a need by that input process.

Significant Health Need	Health Category	Total Rank Score	Community Data	Resident Focus Groups (FG)	Non-profit/ Govt. Stakeholder FG	Community Forum
Access to Resources	Clinical Care	42.2	✓	✓	✓	✓
Mental Health	Health Outcome	41.8	✓	✓	✓	✓
Obesity	Health Behavior	41.4	✓	✓	✓	
Diabetes	Health Outcome	38.8	✓			
Food and Nutrition	Health Behavior	38.5	✓	✓	✓	
Substance Abuse	Health Behavior	38.0	✓	✓	✓	
Lack of Exercise	Health Behavior	37.4	✓	✓	✓	✓
Education	Socioeconomic	37.0	✓	✓		✓
Economic Insecurity	Socioeconomic	35.1	✓	✓	✓	✓
Walkability	Physical Environment	33.6	✓	✓	✓	✓
Homelessness	Socioeconomic	32.9		✓	✓	✓
Insurance and Cost of Care	Clinical Care	32.6	✓	✓	✓	✓
Housing Concerns	Physical Environment	30.8	✓		✓	
Pollution and Air Quality	Physical Environment	29.6	✓			
Crime and Safety	Physical Environment	29.1	✓	✓	✓	

Definitions:

Access to Resources: Includes most barriers to accessing health care services and other necessary resources, such as transportation, a shortage of providers, particularly specialists such as pediatricians, dentists, and orthopedists, language barriers, and resources being unavailable outside of working hours.

Mental Health: Covers all areas of emotional, behavioral, and social well-being for all ages. Includes issues of stress, depression, coping skills, as well as more serious health conditions such as mental illness and Adverse Childhood Experiences.

Obesity: Primarily defined as the health condition in which individuals are sufficiently overweight as to have detrimental effects on their overall health. This does not include issues of exercise or food choices, which are listed as separate issues.

Diabetes: Specifically focused on the health condition of diabetes, and awareness and prevention of it.

Food and Nutrition: Concerns about healthy eating habits, nutrition knowledge, and challenges of cost and availability of healthy options.

Substance Abuse: Pertains to the misuse of all drugs, including alcohol, marijuana, opiates, prescription medication, and other legal or illegal substances. It does not encompass cigarette smoking, which was considered separately and not identified as a significant health need.

Lack of Exercise: In addition to the behavior itself, it also includes issues around access to places to exercise and people not having enough time to exercise.

Economic Insecurity: Identified as a root cause of other health issues, this issue covers the effects of poverty and economic concerns as well as difficulties around finding jobs that pay livable salaries.

Education: Includes both formal education goals and attainment, including job training, and community-based education around issues such as exercise, nutrition, health access, and finances.

Walkability: The lack of walkable areas and streets, including the lack of sidewalks, crosswalks, street lights, as well as the long distances necessary to go places and the prevalence of high-speed busy streets.

Homelessness: Primarily focused on the condition of homelessness, including helping homeless individuals, prevention of homelessness, and mitigating its impact on communities.

Insurance and Cost of Care: Encompasses both those who do not have health insurance, but also those for whom the cost of services is a barrier even though they have insurance.

Housing Concerns: Includes affordability, availability, overcrowding, and quality of housing.

Pollution and Air Quality: Includes industrial pollution but also vermin, trash, and dust due to dryness and a lack of paved roads.

Crime and Safety: Encompasses the incidence of crime and violence as well as the fear of it, which prevents people from using open space or enjoying their community.

PRIORITY HEALTH NEEDS

St. Mary Medical Center will address the following priority areas as part of its FY18-FY20 CB Plan/Implementation Strategy Report:

- Access to Resources
- Mental Health/Substance Abuse
- Obesity

Access to Resources emerged as a consistent priority throughout the CHNA process. It was a major discussion point in every focus group and received substantial support in the community forum. The indicator data shows that the county has relatively few physicians and dentists compared to California averages. The issue was identified as a top priority through steps 1 and 2 of the prioritization process, and was endorsed by the Community Benefit Committee. The committee discussed how the hospital was in a unique position to expand services having made progress over the past three years expanding programs and clinic visits to the poor.

Mental Health and Substance Abuse were originally considered as separate issues but combined by the Community Benefit Committee. Committee members also discussed that mental health will be a priority focus of Providence St. Joseph Health over the next ten years. Mental Health was a frequent theme in the focus groups and forum, particularly focusing on the stresses caused by economic insecurity, the challenges faced by children and teens, and the lack of providers. The lack of providers is supported by county-wide data. It was the second highest priority through the first steps of the prioritization process. Substance Abuse was the sixth highest priority, and was also a strong theme across all focus groups.

Obesity was an issue initially highlighted by the indicator data, which shows an obesity rate in adults of 37%, compared to a state rate of 26%. In teens, the rate for the service area is 38%, compared to 33% for the state. Obesity was frequently discussed in the focus groups, particularly in conjunction with root causes such as nutrition and lack of exercise. Food and Nutrition was a major theme in all focus groups, and Lack of Exercise also emerged as an issue in the community process. Challenges with Walkability also were frequent themes in the process. Indicator data shows that only 28% of adults in the service area walk regularly, compared to 33% for California. Obesity was identified as the third highest priority after steps 1 and 2 of the process. The committee discussed the progress it has made with nutrition and exercise campaigns including efforts expanding student nutrition and fitness campaigns in local schools.

See Appendix 4: Prioritization protocol and criteria / worksheets

EVALUATION OF IMPACT ON FY15-FY17 CB PLAN/IMPLEMENTATION STRATEGY REPORT: FY16 ACCOMPLISHMENTS

Planning for the Uninsured and Underinsured - Patient Financial Assistance Program

Our mission is to provide quality care to all our patients, regardless of ability to pay. We believe that no one should delay seeking needed medical care because they lack health insurance. That is why we have a **Patient Financial Assistance Program**[5] that provides free or discounted services to eligible patients.

One way, St. Joseph Health, St. Mary informs the public of the Patient Financial Assistance Program is by posting notices. Notices are posted in high volume inpatient and outpatient service areas. Notices are also posted at locations where a patient may pay their bill. Notices include contact information on how a patient can obtain more information on financial assistance as well as where to apply for assistance. These notices are posted in English and Spanish and any other languages that are representative of 5% or greater of patients in the hospital's service area. All patients who demonstrate lack of financial coverage by third party insurers are offered an opportunity to complete the Patient Financial Assistance application and are offered information, assistance, and referral as appropriate to government sponsored programs for which they may be eligible. In FY16, the St. Joseph Health, St. Mary ministry, provided $2,165,374 free (charity care) and discounted care and 6,612 encounters.

For information on our Financial Assistance Program click: http://www.stmaryapplevalley.com/Patients-Visitors/For-Patients/Billing-and-Payment/Patient-Financial-Assistance.aspx

Medicaid (Medi-Cal) and Other Local Means-Tested Government Programs St. Joseph Health, St. Mary provided access to the uninsured and underinsured by participating in Medicaid, also known as Medi-Cal in California, and other local means-tested government programs. In FY16, St. Joseph Health, St. Mary ministry, provided $10,079,268 in Medicaid (Medi-Cal) shortfall.

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[5] *Information about* St. Joseph Health, St. Mary's *Financial Assistance Program is available* *http://www.stmaryapplevalley.com/Patients-Visitors/For-Patients/Billing-and-Payment/Patient-Financial-Assistance.aspx*

Addressing the Needs of the Community: FY15 –17 Key Community Benefit Plan
FY16 Accomplishments

Initiative (community need being addressed): Access to Health Care

Goal (anticipated impact): Through an integrated network of care, increase access to health care services for the most vulnerable members of the Victor Valley

Outcome Measure	Baseline	FY16 Target	FY16 Result
Total clinical encounters to poor and low income patients in Adelanto, Apple Valley, Hesperia and Victorville and at hospital with enrollment, and transportation care.	29,885 (FY15)	30,000 total clinical encounters 22,000 community clinic encounters	32,453 28,764

Strategy(ies)	Strategy Measure	FY15 Baseline	FY16 Target	FY16 Result
Secure second mobile medical van serving poor neighborhoods and rural communities	# of units obtained	0	1	1
Re-open Hesperia fixed clinic serving poor	# of days clinic open per week	0	3 days	3 days
Health insurance enrollment of poor and uninsured	# of persons insured	2,442	2,400	2,449

Data Sources: FY15 & FY16 Clinical Trackers, FY16 Integrated Strategic Financial Plan

Key Community Partners: Mission Hospital (mobile van donation); Town of Apple Valley (host of mobile clinic at Michael Martin Gymnasium); St. Joan of Arc Catholic Church (host of mobile clinic in old-town Victorville and referral partner of poor and undocumented served at food pantry) Diversified Healthcare Resources (enroller of uninsured patients at hospital) Emergency room employees (enrollers of uninsured patients into emergency Medi-Cal) Adelanto Senior Center (host of nutrition, physical activity, diabetes and heart education for uninsured and undocumented), Community Health Action Network, (and African American led referral of patients and developer of faith partners: St. Mary High Desert Medical Group campus (host of Hesperia community clinic), Apple Valley and Hesperia School Districts (referral partner of adults and children health services and host of health education programs at school based Family Resource Centers)

FY16 Accomplishments: Implemented improved process for tracking and reporting clinical encounters for all hospital programs serving poor, and uninsured with goal of improved tracking of "unduplicated patients" provided community health care. Obtained donated medical van from Mission Hospital to be renovated and placed into service. Re-opened Hesperia clinic and provided 243 clinical encounters and added additional mobile van site (Phoenix Academy school site in Apple Valley). Started a faith health initiative and recruited 20 churches that: (1) increases referral of patients needing care, (2) allows for church-based health education and clinical care and (3) targets services to vulnerable populations including African Americans (Burning Bush Baptist Church in old town Victorville). Hospital staff started meeting in Lucerne Valley to discuss resident access to health services.

Addressing the Needs of the Community: FY15 –17 Key Community Benefit Plan
FY16 Accomplishments

Initiative (community need being addressed): Diabetes

Goal (anticipated impact): provide diabetes education, counseling, support and self-care techniques with an emphasis on uninsured and low income patients

Outcome Measure	Baseline	FY16 Target	FY16 Result
Clinical encounters for Diabetes Care across all services	1,842 (FY15)	1,500	2,126

Strategy(ies)	Strategy Measure	FY15 Baseline	FY16 Target	FY16 Result
Provide diabetes education to uninsured and underinsured persons in community settings	# of encounters provided	1,025	No Target established for FY16	778
Provide diabetes care to patients of community health clinic including patients with gestational diabetes	# of encounters provided	755	No Target established for FY16	636
Education and self-care with support group serving poor patients with uncontrolled A1C	# of encounters provided	38	No Target established for FY16	134

levels				
Diabetic Educator Visits	# of encounters provided	24 (reported from a hospital-based Diabetes Education Center program relocated to Community Health Clinic in FY16)	No Target established for FY16	578

Data Sources: FY15 & FY16 Clinical Trackers, FY16 Integrated Strategic Financial Plan

Key Community Partners: St. Mary High Desert Medical Group, Inland Empire Health Plan, community referral partners including Community Health Action Network, faith partners, school partners including nurses and staff of family resource centers at Adelanto, Apple Valley and Hesperia school districts.

FY16 Accomplishments: The hospital's Diabetes program remains the only American Diabetes Association certified program in the hospital's Total Service Area. The program expands nutritional and certified diabetes trained staff from hospital-based diabetes and child obesity programs. Program staff began participating in a SJH regional diabetes workgroup sharing best practices. A referral relationship was established from physicians of St. Mary High Desert Medical Group. The targeting of diabetes education in neighborhoods with poor and uninsured persons and populations has increased through introduction to residents of communities of excellence program nutrition and physical activity campaign. Efforts to discuss diabetes screening during food pantry giveaways started.

Addressing the Needs of the Community: FY15 –17 Key Community Benefit Plan
FY16 Accomplishments

Initiative (community need being addressed): Mental Health

Goal (anticipated impact): provide mental health services to the uninsured and low income youth and adults

Outcome Measure	Baseline	FY16 Target	FY16 Result
Total clinical encounters providing mental health care to poor and uninsured.	627 (FY15)	450	2,229

Strategy(ies)	Strategy Measure	FY15 Baseline	FY16 Target	FY16 Result
Family counseling through Bridges For Families program	# of sessions	214	No Target established	486
Counseling to at-risk youth at Fam Spot drop-in center	# of sessions	_	Program starts FY16: Assist 100 teens and 100 parents	813
Grief Recovery Care provided as a support group	# of sessions	340	No Target established	231
Mental health care to addicts of a 90 day treatment program	# of sessions	-	Program starts FY16: 1152 clinical encounters with 144 unduplicated	741

			patients provided individual treatment plans	

Data Sources: FY15 & FY16 Clinical Trackers, FY16 Integrated Strategic Financial Plan

Key Community Partners: Referral partners from community, Victor Counseling Services, Family Assist, St. John of God Healthcare Services, Mission City Clinic, San Bernardino County Department of Behavioral Health, Sunset Hills Mortuary and Sunset Hills Children Foundation, Stars Behavioral Health operator of local Crisis Walk-In Center, San Bernardino County Law Enforcement, The Hospital Association of Southern California – Inland Region, Family Service Agency of San Bernardino.

FY16 Accomplishments: Hospital starts grant funding two partners providing counseling to: (1) at-risk teens at a local youth rescue center and (2) persons in recovery at 90-day drug and alcohol center. Hospital leadership begin advocacy with San Bernardino County Department of Behavioral Health to innovate mental health services. Focus includes care for suicidal patients needing inpatient and outpatient services (5150 patients). Hospital and County collaboration lead to state grants to integrate mental health workers into law enforcement and to build area's first 16-bed crisis residential treatment center.

Additionally, San Bernardino County Department of Behavioral Health awards contract for a mental health contractor to operate in the low income community of Adelanto. The contractor is providing counseling and access to medication to populations suffering complex socioeconomic and mental health crisis. The hospital continues conversations with Sunset Hills on improving a child grief program.

Addressing the Needs of the Community: FY15 –17 Key Community Benefit Plan
FY16 Accomplishments

Initiative (community need being addressed): Achieve reduction in obesity by implementing a nutrition and physical activity campaigns in low income communities of Adelanto, Apple Valley, Hesperia and Victorville.

Goal (anticipated impact): provide nutrition education and physical activity for persons in low income communities.

Outcome Measure	Baseline	FY16 Target	FY16 Result
Total number of encounter provided with nutrition and physical fitness in low income communities	5,202 (FY15)	2,000 (unduplicated persons)	5,289

Strategy(ies)	Strategy Measure	FY15 Baseline	FY16 Target	FY16 Result
Zumba sessions and walking programs in low income communities	# of persons enrolled	_	No Target established	3,000
Nutrition presentations	# of persons enrolled	703	No Target established	426
Fitness programs targeting seniors	# of persons enrolled	1,811	No Target established	1,684
Body Mass Index measures of persons engaged in weight loss programs	# of persons enrolled	121 (adults & children)	150 (adults & children)	114 unduplicated adults in Zumba and weight loss campaigns; 45 adults lose weight

Data Sources: FY15 & FY16 Clinical Trackers, FY16 Integrated Strategic Financial Plan

Key Community Partners: San Bernardino County Department of Nutrition Services, Healthy City Campaigns of

Adelanto, Apple Valley, Hesperia and Victorville, Community Health Action Network, Broken Heart Ministries, Adelanto Senior Center, St. Mary High Desert Medical Group, City of Victorville Park and Program, Apple Valley Unified School District, Adelanto, Apple Valley and Hesperia Mayor Weight Loss Challenges, Adelanto Code Enforcement, Hesperia Unified School District, Cottonwood Elementary, Happy Healthy Kids.

FY16 Accomplishments: Zumba programs added to nutrition campaigns in low income communities of Adelanto and Victorville. Mayor weight loss challenges start in Adelanto, Apple Valley and Hesperia. Residents engaged in Zumba and Mayor Weight loss challenges begin self-reporting improved health status. Healthy City campaigns continue focus expanding park and recreation services including Mojave Riverwalk between Apple Valley and Victorville. Food Forward recruited to provide donations of fruits and vegetables to local food pantries operated in Adelanto, Apple Valley, Phelan and Victorville. Community Action Partnership receives a planning grant to begin developing a timeline for opening a local office that would include a small food bank. Hospital forms agreement with Cottonwood Elementary School (Hesperia) and Happy Healthy Kids to pilot physical activity promotion using a activity tracker named SCORD.

FY16 Other Community Benefit Program Accomplishments

Initiative (community need being addressed):	Community Benefit Category	Program	Description	FY16 Accomplishments
Health Education and Chronic Disease Management	Community Health Improvement Services	Mended Hearts	Support Groups	1,133 clinical encounters provided in Cardiovascular and Stroke support groups
Breast Cancer Support Group in English and Spanish	Community Health Improvement Services		Support Group	104 persons
Access to Care	Subsidized Health Services	Patient Transportation	Services connecting patients to ongoing	1,046 persons

			sources of care including community health clinics	
Health Careers	Health Professions Education	Clinical education of students	Workforce Development of health careers – college and high school students	138 students

GOVERNANCE APPROVAL

This FY17 Community Health Needs Assessment Report was approved at the May 24 meeting of the Community Benefit Committee a sub-Committee of the Board of Trustees.

Paul Graham

Community Benefit Committee Chair's Signature confirming approval of St. Joseph Health, St. Mary FY17 Community Health Needs Assessment Report

6/29/17

Date

See Appendix 6: Ministry Community Benefit Committee

Appendix 1: Community Needs Index data

Community Need Index (CNI) Scores

St. Mary Medical Center Hospital Total Service Area (HTSA)

ZIP Code[1]	Service Area[2]	CNI Score[3]	Population	City	County	State
92395	PSA	5.0	45,811	Victorville	San Bernardino	California
92301	SSA	5.0	36,409	Adelanto	San Bernardino	California
92394	PSA	4.8	37,946	Victorville	San Bernardino	California
92368	SSA	4.8	1,102	Oro Grande	San Bernardino	California
92345	PSA	4.6	83,154	Hesperia	San Bernardino	California
92308	PSA	4.4	42,274	Apple Valley	San Bernardino	California
92307	PSA	4.2	39,370	Apple Valley	San Bernardino	California
92392	PSA	4.0	59,527	Victorville	San Bernardino	California
92356	SSA	4.0	6,842	Lucerne Valley	San Bernardino	California
92344	PSA	3.6	23,239	Hesperia	San Bernardino	California
92342	SSA	2.8	7,152	Helendale	San Bernardino	California
92340	PSA	PO Box	N/A	Hesperia	San Bernardino	California
92393	PSA	PO Box	N/A	Victorville	San Bernardino	California

1. CNI scores are not calculated for non-populated ZIP codes, including such areas as PO boxes, national parks, public spaces, state prisons, and large unoccupied buildings.
2. PSA = primary service area; SSA = secondary service area.
3. CNI scores are sorted from highest to lowest. A CNI score of 1 represents the lowest need nationally, while a score of 5 indicates the highest need nationally.

Source: Dignity Health Community Need Index (cni.chw-interactive.org), 2015; Accessed March 2016.

Appendix 2: Secondary Data /Publicly Available data

Appendix 2A: Secondary Data/Publicly Available Data

http://www.stmaryapplevalley.com/About-Us/Community-Benefit.aspx

Appendix 2B: Secondary Data/Publicly Available Appendix

http://www.stmaryapplevalley.com/About-Us/Community-Benefit.aspx

Appendix 3: Community Input

Appendix 3a: Focus Group and Community Forum Participants

Residents who participated in focus groups and community forums completed an anonymous survey to allow reporting on demographics of the participants. In the table below, the number and percentages are shown for the focus groups, community forums, and then for all participants in both the focus groups and community forums. Percentages were calculated using the number of respondents for each question, which may be less than the total number of respondents because people could choose to leave a question unanswered.

St. Mary Medical Center	Resident Focus Groups	Community Forum Participants	ALL Community Members	Resident Focus Groups	Community Forum Participants	ALL Community Members
Number of Respondents	38	31	69	38	31	69
Gender						
Female	34	24	58	100%	77%	89%
Male	0	7	7	0%	23%	11%

Race/Ethnicity*						
Hispanic/Latino	32	10	42	86%	32%	62%
Non-Latino White	3	12	15	8%	39%	22%
Black/African American	2	6	8	5%	19%	12%
Native American	1	1	2	3%	3%	3%
Native Hawaiian or Pacific Islander	0	1	1	0	3%	1%
Other – Arab / North African	0	2	2	0%	6%	3%
Chronic Conditions						
Person with chronic conditions or a leader or representative of individuals with chronic conditions	8	12	20	24%	44%	33%
Age						
0-17 years	0	3	3	0%	10%	4%
18-44 years	22	11	33	58%	35%	48%
45-64 years	14	13	27	37%	42%	39%
65-74 years	2	3	5	5%	10%	7%
75 years or older	0	1	1	0%	3%	1%
Total Household Income before Taxes						
Less than $20,000	12	6	18	34%	23%	30%
$20,000 to $34,999	14	3	17	40%	12%	28%
$35,000 to $49,999	1	5	6	3%	19%	10%
$50,000 to $74,999	7	6	13	20%	23%	21%
$75,000 to $99,999	0	2	2	0%	8%	3%
$100,000 or more	1	4	5	3%	15%	8%
Decline to answer	2	3	5	Decline to Answer responses were not included in the calculation of percentages		
Number of People in Household						
Average	4.5	3.2	3.9	NA	NA	NA
Median	4	2.5	4	NA	NA	NA
Range	2-8	2-8	2-8	NA	NA	NA

Appendix 3b. List of Stakeholder Focus Group Participants and Organizations

The Non-profit/Government Stakeholder Focus Group was held on **March 2, 2017 in Victorville**. The list of participants is presented in the table below, along with information about the population served by the non-profit or government organization.

Name	Title	Organization	Public Health Dept.	The organization serves people who:			
				Have Chronic Conditions	Are from Minority Communities	Are Medically Underserved	Have Low Incomes
Vici Nagel	Executive Director	Academy for Grassroots Organizations					x
Julie Ryan	Heathy Hesperia	City of Hesperia					x
Brandon Romano	Manager Food Bank	Community Action Partners of San Bernardino County			x		x
Theresa Vaughan	Program Staff	Desert/Mountain Children's Center		x	x	x	x
Linda Llamas	Program Staff	Desert/Mountain Children's Center		x	x	x	x
Sandy Bannister	Deputy Chief	Dept. of Public Health, County of SB	x	x	x	x	x
Darryl Evey	Executive Director	Family Assist Program		x	x	x	x
Stephanie Pazarin		Global Institute for Public Strategies		x	x	x	x
Charlie Johnson	Healthy Snowline	Healthy Snowline		x		x	x
Marci Aguirre	Director, Outreach	Inland Empire Health Plan-IEHP		x	x	x	x
LuAnna Jauregui	Manager, Outreach	Inland Empire Health Plan-IEHP		x	x	x	x
Gary Madden	Executive Director	Inland Empire United Way				x	x
Cari Thomas	Director	Inland Empire United Way Desert Communities Region			x	x	x
Laura Villa	Representative	Office of SB. Supervisor Lovingood		x	x	x	x
Tony Mize	Executive Director	National Core			x		x
Rosy Olvera	Organizer, old town	ROOT			x	x	x
Marcelino Garza	Special Representative	S.B Co. Superintendent of Schools-Apple Valley		x	x	x	x
Miguel McQueen	Director	S.B. Co Workforce Development Department-V.V.		x	x		x
Pam Hoffman	Public Info. Officer	Sheriff Department, Adelanto			x		x
Thomas Solas	Program Manager	St. John of Good Healthcare Services		x	x	x	x
Brittney Hardy	Program Manager	Stars Crisis Walk-In Center		x	x	x	x
Cecelia Marzullo	Program staff	Stars Crisis Walk-In Center		x	x	x	x
Aaron Moore	Manager, Mobility	Victor Valley Transit Authority		x	x		x

Appendix 3c. Focus Group and Community Forum Report

Community Focus Groups

St. Mary Medical Center held 3 Community Resident Focus Groups in 3 different towns and cities around the High Desert: Adelanto, Apple Valley, and Hesperia. The session in Adelanto was conducted in Spanish, while the others were scheduled to be in English. However, several people who attended the session in Apple Valley were more comfortable speaking Spanish, so one of the other participants translated for them during the session.

The chart below shows basic information about each session

Location	Date and Time	Language	Attendees
Adelanto	2/24/17, 10 AM	Spanish	15
Apple Valley	3/1/17, 2:30 PM	English with Spanish translation	14
Hesperia	3/2/17, 5:00 PM	English	12

Every attendee was female, and 86% identified as Latino. 74% said they earned less than $35,000/annually. More detailed demographic information is listed in Appendix 3a.

Participants generally seemed very engaged and interested in discussing both their immediate health concerns but also the social determinants of health. They understood the purpose and structure of the sessions. In all three sessions, the majority of participants knew each other already, which, in some ways, aided the positive atmosphere. However, this may have had the unintended consequence of diminishing the participation of those who did not know the rest of the participants. Facilitators attempted to mitigate this effect as best as they were able.

In the Apple Valley session, the impromptu spontaneous translation had the effect of dividing the room into two groups. Upon hearing questions, the Spanish speaking participants often had side discussions among themselves before the translator shared their thoughts. This dynamic, combined with the comfort level of the participants with each other, led to a somewhat less structured group with a great deal of crosstalk. The facilitators were able to adjust and still have a successful group.

Identified Health Challenges

Food and Nutrition was widely discussed in all focus groups. While most participants understood the benefits of healthy eating, they shared their challenges in doing so. Healthy food is more expensive, and often more time-consuming to prepare. When faced with a lack of time and money, families often opted to purchase cheaper, quicker options which are less healthy. Supermarket availability is also a major issue. In Apple Valley, there was the sense that the more affordable supermarkets are far away. Those in the Adelanto group had a similar perspective, which was exacerbated by the spread-out nature of the city. Finding quality fresh produce also seemed to be an issue. All focus groups wanted more farmers' markets, food carts, and "Mexican groceries" since the prices tend to be lower and quality higher there. The lack of quality school lunches was also noted as a problem.

Another consistently discussed issue across the focus groups was **Access to Resources.** Discussions covered such topics as health care resources, but also educational and other support services. There was a consistent theme that it is difficult to get medical appointments due to supply not equaling demand. Specialists, including pediatricians, dentists, and orthopedists were of particular concern. Many residents reported needing to go to Riverside or Orange County to receive treatment, which can be time-consuming and expensive. Transportation was often cited as an issue: many services are not close to public transportation, so it can take hours to get to them. This is particularly significant given the long distances in the area – St. Mary Medical Center is relatively far from Hesperia and Adelanto, for example. Language barriers can sometimes exist for Spanish monolingual individuals as well. Beyond health care concerns, Adelanto residents complained about city services such as police and fire essentially shutting down at 5 PM, leading to potentially dangerous situations. There was also discussion about a lack of high speed internet services, particularly in Adelanto.

Substance Abuse was a strong concern in all three focus groups. Participants reported frequent cases of illegal drugs being used in open spaces such as parks. This raises safety and comfort concerns causing residents to avoid these locations. Because parks may be unusable, children have fewer places to play.

The lack of **Walkability** in the area was also a consistent theme. Few areas had sidewalks, crosswalks, or street lights, meaning that many did not feel safe walking to places or for exercise. The large distances between locations also made it difficult to walk to get to anywhere, worsening access issues. All over the area, but particularly in Adelanto, there are many large high-speed and busy streets that present significant barriers to walkers.

Homelessness was discussed as an issue in Apple Valley and Hesperia. In Apple Valley, participants felt it was a growing problem but the town government is not giving it adequate attention. There was also expressed concern for how homeless children were being affected by the adverse experience. In Hesperia, they felt that the town recognizes it but does not have all the necessary resources to address the problem.

Mental Health was a major issue in the focus groups, although discussion usually took the form of stress or depression. There was extensive discussion about the stresses brought on by financial and other challenges. In Apple Valley, there was a special focus on anxiety among young people and the effects of living in poverty. The perceived lack of resources for mental health was also discussed.

Economic Insecurity was a major topic in Adelanto and Apple Valley. Many attendees deal with poverty, and they spoke of how difficult it is to find jobs. There are few well-paying jobs available, and there is intense competition for them. This can lead to stress and complicates other issues, such as Access to Resources. Economic Insecurity also is a major complicating factor in Housing Concerns Food and Nutrition. It should be noted that, according to the demographic survey of focus group participants, Adelanto and Apple Valley's participants had lower incomes than Hesperia's.

Crime and Safety was discussed in both Adelanto and Apple Valley. In Apple Valley, the community focused on the effects of crime in preventing them from accessing services. For example, violence and drug sales prevented them from using parks, and 24-hour businesses such as pharmacies do not exist due to fear of robberies. In Adelanto, there was a similar worry about drug sales in parks, and frustration that the relative lack of police services, especially at night, led to slow response times and little deterrence.

Obesity was a topic in Adelanto and Hesperia, although in both cases it was connected to food, nutrition and exercise. In Hesperia, there was particular concern about growing obesity in children.

There was discussion in the focus groups about the growth of the **Underground Marijuana Industry,** specifically the belief that there is a significant portion of land in the area being sold to outsiders in order to cultivate marijuana.

In the Apple Valley focus group, there was a great deal of frustration about the **Political Structure** in the area. They expressed a sense of separation between government officials and the people in their community. They felt that the political leadership held an outdated vision of the town (for example, as the home of Roy Rogers and Dale Evans) that has not kept up with current realities. They also sensed that being connected politically was helpful, if not necessary, for getting services and attention.

Weather was mentioned at each focus group, and discussed more extensively at Hesperia. The residents complained that the extremes in temperature caused health concerns, and also prevented people from going outside to exercise. Weather, walkability, and crime concerns combine with a lack of free time due to economic stresses to contribute to a general **Lack of Exercise,** which was also discussed in multiple groups. The weather also makes it difficult to garden for those who would like to grow their own vegetables.

Vermin: At Apple Valley, people complained about mice, bed bugs, and other vermin possibly spreading disease. This issue is linked to pollution and trash; the data indicates pollution burden in this area is very high.

Programming and Places for Youth were a consistent issue in Apple Valley and Hesperia, and there was a wish for more (or safer) parks and new recreation centers where children could play. Often, cost was a barrier for existing programming such as sports leagues. As a related theme, the need for more **Community Education Programs** was discussed in Hesperia. There was interest in programming around cooking and healthy eating, healthy behaviors, and gardening. Participants noted that the Family Resource Center hosting the focus group had some such programs, but there were not enough of them, many people did not know about them, and that non-Hispanics tended not to come to the Center.

Insurance and Cost of Care was raised in Apple Valley, in conjunction with economic stress and insecurity. Participants pointed to the challenges of paying for health care services and prescriptions amidst limited resources.

Community Assets and Advantages

In addition to asking about issues facing the community, the facilitators explored what helps people stay healthy in the community. In general, participants were less enthusiastic in offering the positives, often turning their responses into further discussion of an identified issue. (For example, in Adelanto, when asked about what helped people in the community stay healthy, the first response was "eating healthy." When probed with a question about what in Adelanto helps people to eat healthy, the response was "there's nothing here.")

The participants in Hesperia probably had the easiest time responding to this question, citing their quiet and tight-knit community and the Family Resource Center hosting the event. In Apple Valley, again the participants pointed to the host site (Phoenix Academy) and its programming, as well as the community around it.

Exercise was often cited as a way to stay healthy; many attendees participated in Zumba or other organized activities. Many of the participants in Adelanto had come directly from an exercise class. All groups expressed a wish for there to be more such classes.

Gardening was also cited as a positive experience that had health benefits, both for the health food that is grown and the activity itself. Again, however, people focused on some of the negatives of this issue, citing a lack of knowledge about how to garden, and challenges in growing gardens in the local weather and with poor soil conditions.

Stakeholder Focus Group

The Stakeholder Focus Group was held in Apple Valley at the Desert/Mountain Charter Special Education Local Plan Area offices. 22 people attended the group (a complete list of participants is available in Appendix 3b). Attendees were very engaged in the discussion; there was energetic conversation and frequent disagreements. The notes below attempt to capture places where there was general consensus while highlighting places where group members had different experiences or opinions.

Identified Health Challenges

Substance Abuse was a very common discussion point among the stakeholder group. Many saw drug and alcohol abuse as far too frequent and extending to teens. The connection between substance abuse and mental health, crime, prostitution, and poverty was often discussed, and some felt that the services did not incorporate addiction treatment effectively. There was also a sense from some stakeholders that **Smoking** rates were very high for teens and adults, although the data does not support this view.

Mental Health was often linked to substance abuse, but was also discussed extensively on its own. The lack of mental health services, particularly for children, was raised as a community-wide problem. The strong stigma around seeking treatment was seen as a complicating factor, and there was discussion of the links between the lack of jobs and depression and stress.

While **Housing** was only briefly mentioned in the resident group, it was discussed extensively in the stakeholder focus group. Housing may be less expensive than other parts of the state, relative to the income levels of the service area, but it is still not affordable. The low incomes and lack of jobs often lead people to live in crowded, multi-family settings or in lower quality houses.

Crime and Safety was raised as a concern, particularly in parts of Adelanto. This issue was closely tied to **Walkability,** as one of the reasons why people did not walk anywhere. As with the community groups, other issues such as lack of sidewalks and long distances were raised. Long commute times were also raised as an issue that prevented people from exercising.

Access to Resources was a major community concern that was echoed in the stakeholder groups. Transportation was the most commonly cited problem, but a lack of supermarkets and health care services (particularly mental health) were also discussed. There was disagreement about whether internet access was a problem, with some saying that many communities did not have access to the internet while others felt this was not an issue. Adelanto, and more remote areas such as Phelan, seemed to suffer from these problems the most.

Insurance and Cost of Care was discussed, particularly in relation to Emergency Room use. People often go to the emergency room for care because it is more convenient and just as inexpensive as a doctor or clinic under certain insurance plans. Also, many who are newly insured may not know how to use their insurance and need education.

Food and Nutrition was a frequent discussion point, and one about which there was some debate. While many participants agreed with challenges that were raised by the community, such as the cost and availability of healthy food, others seemed to advocate for more personal responsibility on the part of individuals, implying that their poor dietary and health choices were their own fault.

Community Assets and Advantages

Much like in the resident focus groups, the facilitator asked participants what helped community members stay healthy, and similarly, participants often discussed challenges, or used the opportunity to discuss changes or initiatives that they thought would be good for the area. This "visioning" centered around housing, transportation, and jobs. However, some existing items were identified as beneficial to the community.

Some participants identified collaborative efforts around health, particularly the "Healthy High Desert" collaborative, and transportation to providers. Bike trails in Apple Valley and Hesperia were also identified as assets, along with parks.

Community Forums

After all of the focus groups concluded, a community forum was held in Victorville on March 9th. The session was conducted in English with Spanish simultaneous interpretation, although only one person required the interpretation. Approximately 30 people attended the forum. About half of the attendees worked for a local nonprofit or government agency.

At the beginning of the forum, the participants viewed a short PowerPoint presentation with an overview of the CHNA framework, the hospital service area, and the health needs that had emerged from the data and preceding focus groups. The health needs also were written on poster paper taped to the walls of the room. After the presentation, participants were invited to share their perspectives on the health needs in the community – to confirm, clarify, or add to items on the list. New items and clarifications were written on the poster paper. After the discussion, each person was given four adhesive dots and asked to place their dots on the health needs of greatest concern to them, applying only one dot per health need.

Education arose as a strong theme in the forum. The concept of "community education" had been presented in the presentation, based on feedback from the focus groups. However, the participants made a distinction between less formal community education on such areas as gardening, nutrition, and healthy behaviors, and more formal education that leads to degrees or credentials. There was a sense that more formal education was necessary, particularly job training and vocational school. These two types of education received the most support in the group voting. Walkability, programming for children, jobs and salaries, and access to resource issues also received substantial support in the forum.

After the forum concluded, some participants spoke to the facilitators privately with the concern that several stakeholders at the forum were closely affiliated with government agencies, which may have prevented certain concerns from being raised. In particular, they were concerned that the challenges faced by the local undocumented community were worsening but were not being discussed. The facilitators agreed that these concerns would be noted even though they did not receive votes.

Below are the ideas which received the most votes in the forum. The labels provided are the headings that were listed on the poster paper, with the number of votes received following.

Health Need	# of Votes
Education (Professional training, job skills, higher education)	17
Education (e.g. gardening, healthy food, how to be healthy)	14
Can't walk anywhere (sidewalks, crosswalks, long distances no lighting)	12
No programs or places for kids	10
Jobs and Salaries	9
Too few specialists (dental , vision, orthopedics, mental health, after care)	8
Homelessness	7
Mental stress (stigma, children and adults)	6
Safe houses for teens	6
No major medical center	5
Lack of exercise (need equipment at parks)	5

Appendix 3d: Focus Group and Community Forum Protocols and Demographic Survey

Community Resident Focus Group Protocol

Introduction:

Hello everyone and thank you for agreeing to be part of this focus group. We appreciate your time and willingness to participate.

We are doing this focus group as part of St. Mary Medical Center Community Health Needs Assessment. This is an every three years process in which non-profit hospitals such as St. Mary explore community needs with input from the local community to better respond to the unmet needs. My name is _____ and I'll be running the focus group along with my colleague _____. We do not work for the hospital as they wanted to have an outside partner to help run the process. This focus group is one of many that St. Mary Medical Center is holding to hear directly from its communities' residents.

A focus group is a great way to get information and to capture people's ideas, opinions, and experiences. It's a structured conversation where we have some scripted questions and look to you to respond and take the discussion where it needs to go.

We need your input and want you to share your honest and open thoughts with us. Your responses will be anonymous. While we will be reporting in broad terms what is said during this focus group, we will not be attributing it to any person or organization. And we ask the same of you—that if you discuss this focus group outside of this room, you do not connect anyone to anything specific that was said.

Ground Rules:

1. There are no right or wrong answers. It's ok to respectfully disagree with someone else's opinion as that leads to dialogue and a better understanding of everyone's position and thoughts. Every opinion counts, and it is perfectly fine to have a different opinion than others in the group, and you are encouraged to share your opinion even if it is different.

2. We have a list of questions to ask, but we want YOU to do the talking. We would like everyone to participate, so we may call on people who have been particularly quiet.
3. We would like to record our conversation. Our note taker will be taking notes so that we remember what people have to say, but we'd also like to record the conversation to ensure we have the most accurate information possible. Is that okay?

This session should take 90 minutes. If you need to get up to use the restroom or grab refreshments, feel free to do so.

Any questions before we begin?

OK, then a couple other things before we get into the questions. First of all, can we please go around the room and introduce ourselves and say where we live and say something you like about your community.

Focus Group Questions

1. What are the biggest health issues affecting you, your family and friends in the community?
    a. Prompt – health issues refers to specific health conditions like heart problems, diabetes, obesity, cancer, asthma, or depression, and health behaviors refers to exercising, smoking, unhealthy eating, and drug use

Now, I'd like to ask you to look at the graphic that we're handing out right now. This was made by the United States Center for Disease Control and Prevention, a federal agency whose mission it is to help our country be healthy. The visual shows the many things that contribute to community health. Note that this graphic, and your own introductions, show that there is a lot more to "health" than just medical concerns. Let's keep that in mind as we go to our next questions.

2. What are the things in your community that help you stay healthy?
    a. Prompt – if you were to tell a friend about some of the good things in this community that help people live a good life here, what would you tell them?
    b. Prompt – This could include safe places to walk, clean air, enough doctors, easy access to health care, caring community, affordable housing, good-paying jobs, etc.
3. What are some of the challenges to staying healthy in this community?
    a. Prompt – if you were to tell a friend about some of the things that make it difficult to live a good life here, what would you tell them?
    b. Prompt – This could include no nearby grocery stores with fresh produce, no place to get exercise, overcrowded housing, low incomes, no doctors that take your insurance, poor air quality, gangs, etc.
4. Thinking about all the concerns discussed today, which do you think are the biggest concerns needing the most immediate attention?
5. What would you like to see in the communities to address these top concerns? How can some of the positive aspects of your community help?

Closing:

I wanted to thank you on behalf of the hospital for spending your time with us and sharing your wisdom and experiences. I wanted to stress that this meeting has been one very important part of the Needs Assessment process for St. Mary Medical Center. I also wanted to be clear that everything that was said today will be recorded, reported, and considered. But some of what was said may not find its way into the final plan, because the hospital has to pull together everything they've learned in the process and make decisions about priorities. What I can say is that the final plan will be publicly available, and if you read it, you should see the key themes from today's meeting in there. Thank you again, and have a good evening.

Government/Non-Profit Stakeholders Focus Group

Hello everyone and thank you for agreeing to be part of this focus group. We appreciate your willingness to participate.

We are doing this focus group as part of St. Mary Medical Center Community Health Needs Assessment. This is an every three years process in which non-profit hospitals such as St. Mary study their communities' needs in order to become even better at serving those needs. My name is _____ and I'll be running the focus group along with my colleague _____. We do not work for the hospital as they wanted to have an outside partner to help run the process. This focus group is one of other focus groups that are being conducted with community residents.

A focus group is a great way to get information and to capture people's ideas, opinions, and experiences. It's a structured conversation where we have some scripted questions and look to you to respond and inform the discussion to where it needs to go.

We need your input and want you to share your honest and open thoughts with us. Your responses will be anonymous. While we will be reporting in broad terms what is said here today, we will not be attributing it to any person or organization. And we ask the same of you—that if you discuss this focus group outside of this room, you do not connect anyone to anything specific that was said.

Ground Rules:

1. We have a list of questions to ask, but we want YOU to do the talking. We would like everyone to participate, so we may call on people who have been particularly quiet. But answering any question is optional.
2. There are no right or wrong answers. It's ok to respectfully disagree with someone else's opinion. In fact, we encourage it because it leads to dialogue and a better understanding of everyone's position and thoughts.
3. _____ will be taking notes, but we also will be recording the group in order to capture everything you have to say. We are doing this for our own notes and reporting, but again, we won't share the recording or identify anyone by name in our report. You will remain anonymous.

Facilitator shows presentation focusing on high level findings from quantitative data. During the presentation, use the BARHII visual as an icebreaker to get people to talk about what factors influence a community's health, while answering the question "Please tell us your name, organization, and referring to the visual (provided in the PowerPoint), which area does your organization focus on or address in the upstream or downstream factors that influence community health?

After concluding the presentation, ask the following questions:

1. What are the biggest health issues facing our community?
    a. Prompt – health issues refers to specific health conditions like heart problems, diabetes, obesity, cancer, asthma, or depression, and health behaviors refers to exercising, smoking, unhealthy eating, and drug use
2. What helps our community stay healthy?
    a. Prompt – if you were to tell a friend or colleague about some of the good things in this community that help people live a good life here, what would you tell them?
    b. Prompt – This could include safe places to walk, clean air, enough doctors, easy access to health care, caring community, affordable housing, good-paying jobs, etc.

3. What are the challenges to staying healthy in our community?

a. Prompt – if you were to tell a friend or colleague about some of the things that make it difficult for people to live a good life here, what would you tell them?
b. Prompt – This could include no nearby grocery stores with fresh produce, no place to get exercise, overcrowded housing, low incomes, no doctors that take residents' insurance, poor air quality, gangs, etc.

4. What are the opportunities in our community to improve and maintain health?
5. What are the biggest health concerns needing immediate attention?

Closing: Thank the participants and talk about next steps.

Community Resident Forum Process/Protocol:

Hello everyone and thank you for agreeing to be part of this forum. We appreciate your willingness to participate.

We are doing this forum as part of St. Mary Medical Center Community Health Needs Assessment. This is an every three years process in which hospitals such as St. Mary study their communities' needs in order to become even better at serving those needs. My name is _____ and I'll be running the focus group along with my colleague _____. We do not work for the hospital as they wanted to have an outside partner to help run the process. This forum is one of many that St. Mary Medical Center is holding to hear directly from its community residents.

The purpose of this forum is to get a sense of what you think are the needs, issues, and opportunities in your communities. We need your input and want you to share your honest and open thoughts with us. Your responses will be anonymous. While we will be reporting in broad terms what is said to the hospital, we will not be attributing comments made to any person or organization.

Ground Rules:

1. We have a process in mind today, but it will only be as successful as you all make it; this session is for you. So please, feel free to be candid. Answering any question is optional; we won't be calling on anyone.
2. There are no right or wrong answers. It's ok to respectfully disagree with someone else's opinion.

3. _____ will be taking notes, but we also will be recording the group in order to capture everything you have to say. We are doing this for our own notes and reporting, but again, we won't share the recording or identify anyone by name in our report. You will remain anonymous

Provide context: Facilitator: Be sure to provide context and how the information will be used up front

1. There will be two 5-10 minute presentations of findings from the community-based data and focus groups with questions in between. One presentation will focus on socioeconomic factors and physical environment; the other on health outcomes, health behaviors, and clinical care.
2. Point out the poster paper headings around the room, on which we list the areas of concern we have already seen on socioeconomic and physical environment and health needs that were identified through the quantitative data and qualitative process
3. After the first presentation on context and socioeconomic factors and physical environment, ask the following questions:
    a. Do you have any questions about the information you just saw or the poster paper headings?
    b. What did you see that matches with what you know about your community?
    c. What surprised you?
    d. What's missing? What's happening in your community that was not mentioned in the presentations?

4. After the second presentation on health outcomes, health behaviors and clinical care:

    a. Do you have any questions about the information you just saw or the poster paper headings?
    b. What did you see that matches with what you know about your community?
    c. What surprised you?
    d. What's missing? What's happening in your community that was not mentioned in the presentations?

5. Write down issues that are new or not already represented on the poster paper
6. Add explanation to the poster paper issues as provided from participants
7. Keep a parking lot for issues that are important but not necessarily related to the task at hand
8. Explain the process that participants will use to identify the most pressing areas of concern. Each participant will receive 4 dots to specify what they view as the most significant health issues; no more than one dot may be assigned to a health issue. Allow 10-15 minutes to complete this process
9. Review the results and facilitate discussion about the results – ask for more input on why some issues received more dots than others

10. Explain what will happen next with this information
11. Thank everyone for their time

Demographic Survey

Thank you for taking time to participate in our focus group today. Please take a few moments to complete the demographic survey below. Your identity will be kept confidential and anonymous. We'd like to gather some demographic data to reflect the individuals who participated in the focus groups or community forums. Please complete the survey and submit to the facilitator. Thank you for your time.

1. Please check the box next to the description that best describes you:

☐ Community Member who does not work for a local health or social services provider (skip to question 3)
☐ Community Member employed by:
- ☐ Community-based Org/Nonprofit
- ☐ County/Government Agency
- ☐ Foundation/Funder
- ☐ Health Care/Hospital/Clinic
- ☐ University
- ☐ Other (please provide): _____

2. If applicable, please check the box next to the role that most closely matches your position/role within the organization:

- ☐ Administrative Staff
- ☐ Board Member
- ☐ Executive Director
- ☐ Medical Professional
- ☐ Program Manager/Staff
- ☐ University/Faculty/Researcher
- ☐ Volunteer
- ☐ Other (please provide): _____

3. Please check the box next to your current gender identity:

- ☐ Female
- ☐ Male
- ☐ Other (please provide): _____
- ☐ Decline to answer

4. What race/ethnicity do you identify as (Please select all that apply)

- ☐ Black/African American
- ☐ Non-Latino White
- ☐ Asian or Pacific Islander:
  - ☐ Vietnamese
  - ☐ Filipino
  - ☐ Chinese
  - ☐ Japanese
  - ☐ Korean
  - ☐ Indian
- ☐ Hispanic/Latino
- ☐ Native American
- ☐ Native Hawaiian or Pacific Islander
- ☐ Other: _____

5. Do you identify as a person with chronic conditions, or a leader or representative of individuals with chronic conditions (such as diabetes, arthritis, or cancer)?

- ☐ Yes
- ☐ No
- ☐ Decline to answer

6. What is your age group?

- ☐ 0 - 17 years
- ☐ 18 - 44 years
- ☐ 45 – 64 years
- ☐ 65 - 74 years
- ☐ 75 years or older

7. How much total combined money did all members of your HOUSEHOLD earn last year before taxes?

- ☐ Less than $20,000
- ☐ $20,000 to $34,999
- ☐ $35,000 to $49,999
- ☐ $50,000 to $74,999
- ☐ $75,000 to $99,999
- ☐ $100,000 or more
- ☐ Decline to answer

8. How many people live in your household, including you?

Please enter a number _____

Appendix 4: Prioritization Protocol Worksheets

Step 1 Criteria and Score Definitions

#	Criteria	Criteria Definition	Score Definitions				
Step 1			1	2	3	4	5
1	**Seriousness of the problem**	Degree to which the problem leads to death, disability, and impairs one's quality of life.	For most people with the problem, the consequences are mild and not life threatening		Most people with the problem have some impairment of their quality of life; only some people die from the problem		For most people with the problem, the consequences are lethal or extremely debilitating
2	**Scope of the problem - Part 1**	Number of persons affected	Affects very few people		Affects about half the population		Affects much of the population
3	**Scope of the problem - Part 2**	Take into account the variance between regional benchmark data and targets and/or statewide averages. (for example, the prevalence of the problem in the primary service area compared to Target 2020 goals and/or prevalence in the county or state.)	The region is doing much better than targets or county/statewide averages		The region is on par with targets or county/statewide averages		The region is doing much worse than targets or county/statewide averages
4	**Health disparities**	Degree to which specific groups are affected by the problem	There are no differences in prevalence or severity of the problem across demographic or socioeconomic groups		One or more demographic or socioeconomic groups are doing moderately worse than the average in the service area		One or more demographic or socioeconomic groups are doing much worse on the health problem than the average in the service area
5	**Importance to the community**	Community members recognize this as a problem; it is important to diverse community stakeholders	Community input did not identify this area as a problem		Community input showed a moderate amount of concern about this problem		Community input showed a high level of concern about this problem
6	**Potential to affect multiple health issues**	Affects residents' overall health status; addressing this issue would impact multiple health issues.	Addressing this issue would not affect any other health issue		Addressing this issue would affect a few other health issues		Addressing this issue would impact many health issues - it is a root problem
7	**Implications for not proceeding**	Risks associated with exacerbation of problem if not addressed at the earliest opportunity	There is no risk that this problem will get worse if we don't address it now		There is a moderate risk that the problem will get worse if we don't address it now		This problem will definitely get worse if we don't address it now

These criteria were applied by raters from The Olin Group Evaluation Team to all identified health needs.

Step 2 Criteria and Score Definitions

#	Criteria	Criteria Definition	Score Definitions				
Step 2			1	2	3	4	5
8	**Sustainability of impact**	The ministry's involvement over next 3 years would add significant momentum or impact that would remain even if funding or ministry emphasis were to cease	Ministry involvement would likely yield little to no momentum or impact that would remain after 3 years of funding		Ministry involvement would likely yield moderate momentum or impact that would remain after 3 years of funding		Ministry involvement would likely yield significant momentum or impact that would remain after 3 years of funding
9	**Opportunities for coordination/ partnership**	Ability to be part of collaborative efforts	There is not much opportunity for the ministry to be part of collaborative efforts		There is some opportunity for the ministry to be part of collaborative efforts		There are many opportunities for the ministry to be part of collaborative efforts
10	**Focus on prevention**	Effective and feasible primary and/or secondary prevention is possible	There are no or few effective and feasible prevention strategies with which the ministry could be involved		There are a moderate number of effective and feasible prevention strategies with which the ministry could be involved		There are many effective and feasible prevention strategies with which the ministry could be involved
11	**Existing efforts on the problem**	Ability to enhance existing efforts in the community	There is so much work being done on this problem that our contribution would be meaningless		The problem is already being addressed by others and our contribution would be only moderately meaningful		We could make a very meaningful contribution to enhance the work of others in addressing this problem
12	**Organizational competencies (only CB Staff complete)**	Ministry has or could develop the functional/technical, behavioral (relationship building) and leadership competency skills to address significant health need	The ministry does not have and could not develop the competencies to address the issue		The ministry has some of the competencies or could develop them to address the issue		The ministry has or could easily develop strong organizational competencies to address the issue

These criteria were applied by raters from the St. Mary Medical Center Health Needs Assessment Prioritization Working Group to all identified health needs.

Step 3 Criteria

Criteria	Criteria Definition	Responses		
Step 3		**Yes**		**No**
Relevance to Mission of St. Joseph Health	Is this area relevant or aligned with the Mission of St. Joseph Health?	Proceed to the next set of criteria		No further consideration of this health problem is necessary
Adheres to ERD's	Does this area adhere to the Catholic Ethical and Religious Directives?	Proceed to the next set of criteria		No further consideration of this health problem is necessary

These criteria were applied by the Community Benefit Staff of St. Mary Medical Center to all identified health needs.

Public Health Representative

Name	Title	Organization
Sandy Bannister	Deputy Chief, Community Health Services	San Bernardino County Department of Public Health

Appendix 5: Existing Health care Facilities in the Community

Name	Address	Description of Services Provided
Desert Valley Hospital	16850 Bear Valley Road Victorville, CA	148 bed acute care hospital
Desert Valley Medical Group	12401 Hesperia Road Victorville, CA	Primary medical care services
Victor Global Medical Center	15248 11th Street Victorville, CA	101 bed acute care hospital
Choice Medical Group	18564 Highway 18 Apple Valley, CA	Primary medical care services
St. Mary High Desert Medical Group	19333 Valley Road Apple Valley, CA 17073 Main Street Hesperia, CA 12550 Hesperia Road Victorville, CA	Primary, specialty care and urgent care services Primary, specialty care and urgent care services
Heritage Victor Valley Medical Group	12408 Hesperia Road Victorville, CA	Primary and specialty care services and urgent care
La Salle Medical Associates	16455 Main Street Hesperia, CA	Primary care services
Mission City Community Network	15201 11st Street Victorville, CA	Primary care, dental and mental health

St. John of God Healthcare Services	13333 Palmdale Road Victorville, CA	Addiction recovery and mental health counseling
Hesperia Clinica Medica Familiar	15888 Main Street Hesperia, CA	Primary care services
Familia Clinica	14960 Bear Valley Road Victorville, CA	Primary care services
Aegis Treatment Center	11776 Mariposa Road Hesperia, CA	Opiate recovery services
Valley Star Crisis Walk-in Center	12240 Hesperia Road Victorville, CA	Crisis mental health services
Family Service Agency of San Bernardino	11424 Chamberlaine Way Adelanto, CA	Mental health services
First Step Recovery Center	12402 Industrial Blvd Victorville, CA	Alcohol and addiction recovery
Molina Healthcare	11965 Cactus Road Adelanto, CA 14544 7th Street Victorville, CA	Primary care services Primary services and mental health
San Bernardino County Department of Public Health – Health Centers	11366 Bartlett Ave. Adelanto, CA 16453 Bear Valley Road Hesperia, CA	Primary care services Primary care, dental and mental health
Planned Parenthood	15403 Park Ave. Victorville, CA	Reproductive health services
Dr. Mike's Walk-In Centers	12143 Navajo Road Apple Valley, CA	Primary care and urgent care

	15791 Bear Valley Road Hesperia, CA 15626 Hesperia Road Victorville, CA	
Victor Community Support Services	15400 Cholame Road Victorville, CA	Mental health, family and community services provided to adults and youth
Meridian Urgent Care	18522 Highway 18 Apple Valley, CA 12821 Main Street Hesperia, CA	Urgent care and occupational health
Arrowhead Regional Medical Center – Breathmobile	400 North Pepper Ave. Colton, CA Monthly scheduled visits to High Desert schools	Asthma services for children

Appendix 6: Ministry Community Benefit Committee

Name	Title	Affiliation or Organization
Margaret Cooker, RN retired	Community Member	Victorville health advocate
Sister Paulette Deters, CSJ	Board Member	Sisters of St. Joseph of Orange
Alan Garrett	Board Member	President and Chief Executive Officer
Charley Glasper	Community Member	Adelanto City Council Member

Paul Gostanian	Committee Chair, Board Member	High Desert Church, Pastor
Sister Theresa LaMetterey, CSJ	Board Member	Sisters of St. Joseph of Orange
Sister Mary Elizabeth Nelsen	Board Member	Sisters of St. Joseph of Orange
John Perring Mulligan, Ph.D	Community Member	Family Assistance, Board Member
Regina Weatherspoon-Bell	Board Member	1st District County Supervisor Robert Lovingood, Director

SMMC DEMOGRAPHIC PROFILE

Indicators	PSA	SSA	TSA	San Bernardino County	California
Total population[1]	323,674	48,968	372,642	2,118,866	38,986,171
Female (%)	50.2%	48.8%	50.0%	50.2%	50.2%
Male (%)	49.8%	51.2%	50.0%	49.8%	49.8%
Median age[1]	32.5	30.0	32.2	32.5	35.8
Age (%)[1]					
0 to 5	9.5%	10.3%	9.6%	9.1%	7.8%
6 to 17	18.7%	19.9%	18.8%	17.8%	15.8%
18 to 44	37.2%	38.0%	37.3%	39.2%	38.4%
45 to 64	22.6%	21.3%	22.4%	23.3%	24.8%
65 to 74	7.1%	6.6%	7.1%	6.5%	7.6%
75+	4.9%	3.8%	4.8%	4.0%	5.5%
Race/ethnicity (%)[1]					
Latino	46.8%	52.2%	47.5%	53.0%	39.4%
White (non-Latino)	36.3%	28.5%	35.3%	29.0%	37.3%
Black (non-Latino)	9.8%	13.5%	10.3%	8.1%	5.6%
Asian (non-Latino)	3.2%	2.0%	3.1%	6.7%	13.9%
Pacific Islander (non-Latino)	0.3%	0.5%	0.3%	0.3%	0.4%
American Indian/Alaska Native (non-Latino)	0.5%	0.5%	0.5%	0.4%	0.4%
Other race (non-Latino)	0.2%	0.2%	0.2%	0.2%	0.2%
Multiple races (non-Latino)	2.8%	2.6%	2.7%	2.3%	2.9%

1. Esri Business Analyst Online, 2016

Notes:

= Data not available

PSA = primary service area; SSA = secondary service area; TSA = total service area

See Appendix for complete indicator details

CHIS NE

SMMC SOCIO-ECONOMIC PROFILE

Indicators	PSA	SSA	TSA	San Bernardino County	California
Median household income[1]	$51,555	$41,253	$50,500	$55,726	$62,554
Children (ages 0-17) living below 100% of the federal poverty level (FPL) (%)[2]	30.7%	44.1%	32.5%	26.4%	22.7%
Older adults (ages 65+) living below 100% of the FPL (%)[2]	12.0%	13.9%	12.2%	11.5%	10.2%
Households living below 100% of the FPL (%)[2]	18.3%	27.8%	19.4%	15.3%	12.3%
Households living below 200% of the FPL (%)[2]	39.5%	51.3%	40.9%	36.0%	29.8%
Unemployment rate (%)[2]	15.8%	23.0%	16.6%	13.9%	11.0%
Population ages 25+ with less than high school diploma (%)[2]	19.6%	24.8%	20.2%	21.7%	18.5%
Gini coefficient (measure of income inequality)				0.436	0.478
Low-income food insecurity (ages 18+)	9.3%	13.6%	9.7%	8.5%	8.1%
Population enrolled in Medi-Cal (%)[2]	28.2%	40.1%	29.7%	24.3%	20.3%
Language spoken at home (%)[2]					
Only English	71.9%	64.0%	70.9%	58.9%	56.2%
Language spoken at home - other than English and speaks English less than "very well" (%)[2]					
Spanish	8.4%	13.0%	9.0%	13.3%	12.6%
Other languages*	1.3%	1.1%	1.3%	2.9%	6.5%
Percent of population ages 0 to 17 that is non-citizen (%)[2]	1.7%	3.1%	1.9%	3.1%	4.4%
Percent of population ages 18+ that is non-citizen (%)[2]	10.0%	15.1%	10.6%	15.0%	17.2%
Veteran population (%)[2]	8.8%	9.9%	9.0%	6.9%	6.4%

1. Esri Business Analyst Online, 2016

2. U.S. Census Bureau American FactFinder, 2010-2014

*Includes Tagalog, Korean, and Vietnamese among other languages

Notes:

= Data not available

PSA = primary service area; SSA = secondary service area; TSA = total service area

See Appendix for complete indicator details

CHIS NE

SMMC PHYSICAL ENVIRONMENT PROFILE

Indicators	PSA	SSA	TSA	San Bernardino County	California
Housing					
Households with more than one occupant per room (%)[1]	6.5%	9.8%	6.9%	8.8%	8.2%
Renters who pay 30% or more of household income on rent (%)[1]	62.7%	73.3%	64.0%	60.6%	57.2%

1. U.S. Census Bureau American FactFinder, 2010-2014

Indicators	PSA	SSA	TSA	San Bernardino County	California
Transportation					
Among workers who commute in their car alone, the percentage that commute 30 minutes or more (%)[1]	41.5%	48.1%	42.3%	39.8%	37.7%

1. U.S. Census Bureau American FactFinder, 2010-2014

Indicators	PSA	SSA	TSA	San Bernardino County	California
Environmental					
Pollution burden	27.901	34.623	30.345	29.709	25.312
Ozone ratio	0.304	0.146	0.246	0.452	0.109
Particulate matter (PM2.5) ug/m3	8.924	7.018	8.231	9.288	9.081

Notes:

= Data not available

PSA = primary service area; SSA = secondary service area; TSA = total service area

See Appendix for complete indicator details

SMMC CITY LEVEL INDICATORS

Indicators	Adelanto	Apple Valley	Helendale	Hesperia	Lucerne Valley	Oro Grande
Socio-Economic Factors						
Violent crimes, rate per 100,000 inhabitants[1]	594.8	300.4		322.6		
Domestic violence calls for assistance, rate per 1,000 residents[2]						
Number of domestic violence calls for assistance[2]	213	203		334		
Child abuse allegations, rate per 1,000 children[3]						
Substantiated child abuse allegations, rate per 1,000 children[3]						

1. California Department of Justice, 2014
2. Kidsdata.org, 2014
3. California Child Welfare Indicators Project (CCWIP), 2015

Indicators	Adelanto	Apple Valley	Helendale	Hesperia	Lucerne Valley	Oro Grande
Physical Environment						
Percent of population living within half mile of transit (%)[1]	0.0%	0.0%		0.0%	0.0%	
Percent of residents within half mile of a park, beach, or open space (%)[1]	14.7%	23.9%		22.1%	21.6%	

1. California Department of Public Health, 2012

Notes:

= Data not available

PSA = primary service area; SSA = secondary service area; TSA = total service area

See Appendix for complete indicator details

1-1.9 percentage points worse than the County value
2-3.9 percentage points worse than the County value
4.0 or more percentage points worse than the County value

SMMC CITY LEVEL INDICATORS

Indicators	Victorville	San Bernardino County	California
Socio-Economic Factors			
Violent crimes, rate per 100,000 inhabitants[1]	536.8	398.4	397.8
Domestic violence calls for assistance, rate per 1,000 residents[2]		5.7	6.0
Number of domestic violence calls for assistance[2]	493	7,919	155,965
Child abuse allegations, rate per 1,000 children[3]		67.9	54.7
Substantiated child abuse allegations, rate per 1,000 children[3]		9.1	9.1

1. California Department of Justice, 2014
2. Kidsdata.org, 2014
3. California Child Welfare Indicators Project (CCWIP), 2015

Indicators	Victorville	San Bernardino County	California
Physical Environment			
Percent of population living within half mile of transit (%)[1]	0.0%	5.1%	
Percent of residents within half mile of a park, beach, or open space (%)[1]	47.5%	57.9%	73.8%

1. California Department of Public Health, 2012

Notes:

= Data not available

PSA = primary service area; SSA = secondary service area; TSA = total service area

See Appendix for complete indicator details

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SMMC HEALTH OUTCOMES PROFILE

Indicators	PSA	SSA	TSA	San Bernardino County	California
Morbidity					
Fair or poor health (ages 0-17)	3.0%		2.9%	2.8%	5.2%
Fair or poor health (ages 18-64)	23.1%	27.8%	23.7%	20.1%	19.2%
Fair or poor health (ages 65+)	28.1%	29.1%	28.2%	28.6%	27.8%
Poor physical health days[1]				4.3	4.0
Disabled population (%)[2]	12.6%	12.3%	12.5%	10.9%	10.3%
Percent of population ages 0-4	0.7%	0.7%	0.7%	0.6%	0.7%
Percent of population ages 5-17	5.4%	7.7%	5.7%	4.5%	4.0%
Percent of population ages 18-64	11.6%	11.3%	11.6%	9.6%	8.0%
Percent of population ages 65+	40.7%	44.3%	41.1%	40.8%	36.4%
Low-birth weight (< 2500 grams) (%)[3]	7.9%	9.5%	8.2%	7.3%	6.7%

1. County Health Rankings & Roadmaps, 2016
2. U.S. Census Bureau American FactFinder, 2010 - 2014
3. California Department of Public Health, 2012

Indicators	PSA	SSA	TSA	San Bernardino County	California
Chronic Conditions					
Ever diagnosed with asthma (ages 1-17)	16.1%	14.4%	15.9%	16.0%	14.6%
Ever diagnosed with asthma (ages 18+)	14.6%	14.9%	14.6%	13.8%	13.9%
Ever diagnosed with diabetes (ages 18+)	13.1%	13.6%	13.1%	11.2%	8.8%
Pre-diabetes (ages 18+) (%)[1]				45.0%	46.0%
Ever diagnosed with heart disease (ages 18+)	6.0%	5.7%	6.0%	5.2%	5.9%

1. UCLA Center for Health Policy Research, 2013-2014

Indicators	PSA	SSA	TSA	San Bernardino County	California
Cancer Rates (Age-adjusted rates per 100,000)[1]					
Breast cancer incidence (females only)				114.3	121.7
White (non-Latino)				126.1	139.9
Black (non-Latino)				136.8	129.0
Latino				92.0	89.2
Asian/Pacific Islander (non-Latino)				91.1	98.7
Cervical cancer incidence				9.1	7.5
White (non-Latino)				9.9	6.7
Black (non-Latino)				8.3	8.1
Latino				9.5	9.3
Asian/Pacific Islander (non-Latino)				5.9	6.7
Colorectal cancer incidence				43.0	38.3
White (non-Latino)				45.7	39.0
Black (non-Latino)				54.1	50.6
Latino				37.7	33.5
Asian/Pacific Islander (non-Latino)				32.3	35.7
Lung and Bronchus cancer incidence				49.6	46.6
White (non-Latino)				64.7	53.9
Black (non-Latino)				52.6	61.1
Latino				26.6	26.7
Asian/Pacific Islander (non-Latino)				30.0	36.7
Oral Cavity and Pharynx cancer incidence				9.8	10.4
White (non-Latino)				13.0	12.7
Black (non-Latino)				6.8	9.0
Latino				6.6	6.4
Asian/Pacific Islander (non-Latino)				6.7	7.6
Prostate cancer incidence				130.3	119.0
White (non-Latino)				128.1	119.2
Black (non-Latino)				200.0	187.7
Latino				107.9	104.6
Asian/Pacific Islander (non-Latino)				74.2	67.2

1. Cancer Incidence and Mortality Inquiry System, 2009-2013

Indicators	PSA	SSA	TSA	San Bernardino County	California
Mental Health					
Youth suicidal ideation (student reported) - grades 9th, 11th, and non-traditional students (%)[1]				N/R*	18.5%
9th grade				N/R*	19.3%
11th grade				N/R*	17.5%
Non-traditional				N/R*	19.4%
Youth suicidal ideation (student reported) - grades 9th, 11th, and non-traditional students, by race/ethnicity (%)[1]					
African American/Black				N/R*	17.1%
American Indian/Alaska Native				N/R*	18.4%
Asian				N/R*	18.3%
Latino				N/R*	18.1%
Native Hawaiian/Pacific Islander				N/R*	22.0%
White				N/R*	17.7%
Multiracial				N/R*	22.1%
Other				N/R*	19.7%
Suicide rate per 100,000 youth (ages 15-24)[1]				8.3	7.7
Number of youth suicides (ages 15-24), by race/ethnicity[1]				31	452
African American/Black				5	30
American Indian/Alaska Native				0	4
Asian				0	47
Latino				18	161
White				8	189
Multiracial				0	21
Poor mental health days (age-adjusted)[2]				3.8	3.6
Suicidal ideation (ages 18+)				5.6%	7.8%
Adults with likely serious psychological stress (ages 18+)	8.3%	9.0%	8.4%	8.0%	8.1%

1. Kidsdata.org, 2011-2013

2. County Health Rankings & Roadmaps, 2016

*N/R indicates that the sample is too small to be representative

Indicators	PSA	SSA	TSA	San Bernardino County	California
Emergency Room (ER) Utilization - Mental Health					
Adult age-adjusted ER rate due to mental health (rate per 10,000)[1]					
American Indian/Alaska Native					
Asian/Pacific Islander					
Black/African American					
Latino, any race					
White, non-Latino					

1. Orange County's Healthier Together, 2011-2013

Indicators	PSA	SSA	TSA	San Bernardino County	California
Mortality					
Age-Adjusted Death Rate per 100,000 population due to any cause (2011-2013)[1]				750.8	641.1

1. Orange County's Healthier Together , 2011-2013

Notes:

= Data not available

PSA = primary service area; SSA = secondary service area; TSA = total service area

See Appendix for complete indicator details

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SMMC HEALTH BEHAVIORS PROFILE

Indicators	PSA	SSA	TSA	San Bernardino County	California
Overweight for ages 2-11 (weight ≥ 95th percentile)	21.2%	21.5%	21.2%	19.9%	13.3%
Overweight or obese (BMI ≥ 85th percentile) (ages 12-17)	38.4%	37.0%	38.2%	36.2%	33.1%
Obese (BMI ≥ 30) (ages 18+)	36.5%	37.3%	36.6%	35.0%	25.8%
Food environment index[1]				7.5	7.7
Sugary drink consumption 1 or more times per day (ages 18+)	24.9%	30.1%	25.5%	24.6%	17.4%
Regular physical activity (ages 5-17)	23.8%	27.0%	24.2%	23.9%	20.7%
Walked at least 150 minutes (ages 18+)	28.6%	27.3%	28.4%	29.3%	33.0%
Number of newly diagnosed chlamydia cases per 100,000 population[1]				527	440
Percentage of births delivered by mother's ages <20 (%)[2]	10.4%	12.1%	10.6%		
Number of births per 1000 teens ages 15-19[3]				29.2	23.2

1. County Health Rankings & Roadmaps, 2016
2. California Department of Public Health, 2012
3. Kidsdata.org 2013

Indicators	PSA	SSA	TSA	San Bernardino County	California
Alcohol, Tobacco, and Substance Use					
Current smoker (ages 18+)	10.2%	11.1%	10.3%	10.0%	12.6%
Percentage of adults reporting binge or heavy drinking (%)[1]				17.5%	17.2%
Alcohol impaired driving deaths (%)[1]				29.6%	30.0%
Youth alcohol/drug use in the past month (student reported) - grades 7th, 9th, 11th, and non-traditional students (%)[2]				N/R*	27.8%
7th grade				N/R*	14.5%
9th grade				N/R*	25.9%
11th grade				N/R*	38.3%
Non-traditional				N/R*	65.3%
Youth alcohol/drug use in the past month (student reported) - grades 7th, 9th, 11th, and non-traditional students, by race/ethnicity (%)[2]					
African American/Black				N/R*	28.1%
American Indian/Alaska Native				N/R*	28.8%
Asian				N/R*	13.5%
Latino				N/R*	31.4%
Native Hawaiian/Pacific Islander				N/R*	22.8%
White				N/R*	27.7%
Multiracial				N/R*	25.7%
Other				N/R*	23.8%

1. County Health Rankings & Roadmaps, 2016
2. Kidsdata.org, 2011-2013

*N/R indicates that the sample is too small to be representative

Notes:

= Data not available

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See Appendix for complete indicator details

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SMMC CLINICAL CARE PROFILE

Indicators	PSA	SSA	TSA	San Bernardino County	California
Access to Care					
Has usual source of care					
Yes - All races/ethnicities				84.3%	85.8%
Yes - All races/ethnicities-and is currently insured				90.1%	89.7%
Yes - All races/ethnicities-and NOT currently insured				46.8%	56.8%
Latino					
Yes - All				82.2%	80.6%
Yes - and is currently insured				89.1%*	85.6%
Yes - and is NOT currently insured				47.5%	59.2%
White (non-Latino)					
Yes - All				89.6%	91.2%
Yes - and is currently insured				91.7%*	93.3%
Yes - and is NOT currently insured				69.7%*	59.1%
Asian (non-Latino)					
Yes - All				90.2%*	83.3%
Yes - and is currently insured					87.8%
Yes - and is NOT currently insured					45.6%
Two or More Races (non-Latino)					
Yes - All					89.5%
Uninsured (ages 0-17) (%)	2.1%		2.2%	2.3%	3.2%
Uninsured (ages 18-64) (%)	20.0%	22.7%	20.3%	21.3%	19.3%
First trimester prenatal care (%)[1]	79.9%	73.5%	79.0%		
Ratio of population to primary care physicians[2]				1,740:1	1,274:1
Visited the dentist (ages 2-11)				86.5%	91.6%
Ratio of population to dentists[2]				1,543:1	1,264:1
Ratio of population to mental health providers[2]				563:1	356:1
Ratio of population to PCPs other than physicians[2]				2,014:1	2,192:1
Delay prescriptions or medical services (ages 0-17)	7.7%	6.2%	7.5%	9.2%	9.1%
Delay prescriptions or medical services (ages 18+)	23.7%	22.0%	23.5%	22.1%	21.2%
Preventable hospital stays[2]				52.4	40.7
Mammogram screening history (ages 30+)					
Two years or less				67.0%	65.1%
More than two years				13.3%	12.3%
Never had a mammogram				19.7%	22.7%
Mammogram screening history (ages 30+)-Insured					
Two years or less				70.8%	69.1%
More than two years				14.9%	11.0%
Never had a mammogram				14.2%	19.9%
Mammogram screening history (ages 30+)-Uninsured					
Two years or less				51.6%	40.3%
More than two years				6.5%*	20.0%
Never had a mammogram				41.9%*	39.7%
Mammography screenings, female Medicare enrollees (ages 67-69) (%)[2]				51.0%	59.0%

1. California Department of Public Health, 2012
2. County Health Rankings & Roadmaps, 2016

* Statistically unstable

Notes:

= Data not available

PSA = primary service area; SSA = secondary service area; TSA = total service area

See Appendix for complete indicator details

SMMC DEMOGRAPHIC PROFILE - DETAIL	PSA						
Indicators	**92307 Apple Valley**	**92308 Apple Valley**	**92344 Hesperia**	**92345 Hesperia**	**92392 Victorville**	**92394 Victorville**	**92395 Victorville**
Total population[1]	39,718	41,061	21,846	81,053	56,256	39,372	44,368
Female (%)	50.3%	51.1%	50.2%	50.2%	50.9%	45.9%	52.1%
Male (%)	49.7%	48.9%	49.8%	49.8%	49.1%	54.1%	47.9%
Median age[1]	37.8	39.2	31.8	31.6	30.0	30.2	32.0
Age (%)[1]							
0 to 5	7.7%	8.1%	9.6%	9.7%	10.2%	10.2%	10.3%
6 to 17	17.2%	17.0%	19.8%	19.0%	20.2%	18.6%	18.5%
18 to 44	32.7%	30.8%	38.2%	37.2%	39.8%	44.9%	36.5%
45 to 64	26.3%	24.1%	23.8%	22.8%	21.4%	19.5%	21.3%
65 to 74	9.5%	11.2%	6.1%	6.8%	5.4%	4.3%	7.1%
75+	6.7%	8.8%	2.6%	4.4%	3.1%	2.4%	6.3%
Race/ethnicity (%)[1]							
Latino	31.6%	34.1%	49.3%	53.7%	51.9%	52.9%	46.7%
White (non-Latino)	52.6%	50.7%	37.2%	37.2%	26.6%	19.3%	33.8%
Black (non-Latino)	8.6%	7.9%	6.2%	4.7%	13.1%	19.0%	11.8%
Asian (non-Latino)	2.9%	3.4%	4.4%	1.6%	4.4%	4.1%	3.6%
Pacific Islander (non-Latino)	0.4%	0.4%	0.3%	0.2%	0.3%	0.4%	0.3%
American Indian/Alaska Native (non-Latino)	0.5%	0.5%	0.4%	0.4%	0.4%	0.9%	0.5%
Other race (non-Latino)	0.2%	0.1%	0.2%	0.2%	0.2%	0.2%	0.2%
Multiple races (non-Latino)	3.3%	2.9%	2.0%	2.0%	3.1%	3.1%	3.1%

1. Esri Business Analyst Online, 2016

Greatest percent of the population for this indicator
Second greatest percent of the population for this indicator
Third greatest percent of the population for this indicator

Notes:

= Data not available

PSA = primary service area; SSA = secondary service area; TSA = total service area

See Appendix for complete indicator details

SMMC DEMOGRAPHIC PROFILE - DETAIL	SSA			
Indicators	**92301 Adelanto**	**92342 Helendale**	**92356 Lucerne Valley**	**92368 Oro Grande**
Total population[1]	34,577	6,602	6,738	1,051
Female (%)	48.9%	50.1%	48.0%	45.4%
Male (%)	51.1%	49.9%	52.0%	54.6%
Median age[1]	26.5	45.8	45.0	37.9
Age (%)[1]				
0 to 5	11.9%	6.9%	6.1%	7.8%
6 to 17	21.7%	15.1%	15.3%	18.1%
18 to 44	42.1%	27.1%	28.5%	32.5%
45 to 64	18.4%	26.7%	30.7%	26.4%
65 to 74	4.0%	13.8%	12.6%	10.3%
75+	2.0%	10.4%	6.8%	4.9%
Race/ethnicity (%)[1]				
Latino	61.8%	24.4%	30.0%	54.6%
White (non-Latino)	15.4%	62.9%	60.8%	38.6%
Black (non-Latino)	17.5%	5.3%	2.9%	1.4%
Asian (non-Latino)	1.7%	3.8%	1.6%	1.7%
Pacific Islander (non-Latino)	0.6%	0.3%	0.1%	0.1%
American Indian/Alaska Native (non-Latino)	0.3%	0.5%	1.5%	0.9%
Other race (non-Latino)	0.3%	0.1%	0.0%	0.2%
Multiple races (non-Latino)	2.5%	2.6%	3.1%	2.5%

1. Esri Business Analyst Online, 2016

Notes:

= Data not available

PSA = primary service area; SSA = secondary service area; TSA = total servi

See Appendix for complete indicator details

SMMC SOCIO-ECONOMIC PROFILE - DETAIL	PSA				
Indicators	**92307 Apple Valley**	**92308 Apple Valley**	**92344 Hesperia**	**92345 Hesperia**	**92392 Victorville**
Median household income[1]	$54,097	$46,263	$66,214	$45,701	$64,694
Children (ages 0-17) living below 100% of the federal poverty level (FPL) (%)[2]	27.6%	31.2%	13.5%	31.2%	29.8%
Older adults (ages 65+) living below 100% of the FPL (%)[2]	6.2%	10.2%	15.8%	14.0%	15.8%
Households living below 100% of the FPL (%)[2]	15.4%	16.5%	11.6%	19.2%	15.8%
Households living below 200% of the FPL (%)[2]	30.7%	36.6%	23.8%	44.7%	36.0%
Unemployment rate (%)[2]	13.4%	15.0%	15.8%	17.8%	16.3%
Population ages 25+ with less than high school diploma (%)[2]	11.7%	14.9%	16.7%	24.1%	18.6%
Gini coefficient (measure of income inequality)	0.451	0.468	0.372	0.424	0.392
Low-income food insecurity (ages 18+)	6.0%	6.5%		10.3%	10.5%
Population enrolled in Medi-Cal (%)[2]	22.2%	26.6%	22.3%	29.9%	25.3%
Language spoken at home (%)[2]					
Only English	87.4%	84.4%	71.2%	70.5%	66.6%
Language spoken at home - other than English and speaks English less than "very well" (%)[2]					
Spanish	3.0%	3.1%	6.1%	9.7%	10.1%
Other languages*	0.8%	1.4%	2.2%	0.8%	1.6%
Percent of population ages 0 to 17 that is non-citizen (%)[2]	0.0%	0.2%	0.3%	1.8%	2.8%
Percent of population ages 18+ that is non-citizen (%)[2]	3.8%	5.0%	8.5%	10.4%	10.8%
Veteran population (%)[2]	12.8%	11.4%	9.2%	7.7%	7.7%

1. Esri Business Analyst Online, 2016

2. U.S. Census Bureau American FactFinder, 2010-2014

*Includes Tagalog, Korean, and Vietnamese among other languages

Notes:

= Data not available

PSA = primary service area; SSA = secondary service area; TSA = total service area

See Appendix for complete indicator details

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SMMC SOCIO-ECONOMIC PROFILE - DETAIL			SSA			
Indicators	**92394 Victorville**	**92395 Victorville**	**92301 Adelanto**	**92342 Helendale**	**92356 Lucerne Valley**	**92368 Oro Grande**
Median household income[1]	$51,834	$42,240	$37,995	$65,348	$36,242	$39,542
Children (ages 0-17) living below 100% of the federal poverty level (FPL) (%)[2]	31.2%	40.4%	48.9%	22.0%	25.4%	28.5%
Older adults (ages 65+) living below 100% of the FPL (%)[2]	8.6%	14.1%	20.3%	5.5%	13.5%	9.5%
Households living below 100% of the FPL (%)[2]	25.0%	23.7%	36.1%	8.7%	14.3%	21.9%
Households living below 200% of the FPL (%)[2]	49.2%	48.2%	61.6%	21.2%	41.6%	54.5%
Unemployment rate (%)[2]	14.2%	15.0%	26.0%	10.0%	25.9%	13.0%
Population ages 25+ with less than high school diploma (%)[2]	26.5%	20.8%	31.3%	9.4%	15.6%	30.4%
Gini coefficient (measure of income inequality)	0.392	0.452	0.426	0.357	0.442	0.428
Low-income food insecurity (ages 18+)	12.5%	11.0%	16.0%	5.0%	8.2%	13.0%
Population enrolled in Medi-Cal (%)[2]	32.2%	35.5%	47.5%	14.3%	30.9%	35.7%
Language spoken at home (%)[2]						
Only English	59.2%	66.0%	55.4%	88.7%	82.3%	58.5%
Language spoken at home - other than English and speaks English l						
Spanish	14.0%	10.3%	17.0%	1.5%	4.2%	18.7%
Other languages*	2.2%	1.2%	1.1%	2.0%	0.2%	0.0%
Percent of population ages 0 to 17 that is non-citizen (%)[2]	1.9%	2.5%	3.4%	0.0%	1.6%	8.7%
Percent of population ages 18+ that is non-citizen (%)[2]	19.2%	13.0%	19.2%	6.2%	6.5%	20.2%
Veteran population (%)[2]	6.9%	7.2%	6.6%	18.0%	15.3%	9.7%

1. Esri Business Analyst Online, 2016

2. U.S. Census Bureau American FactFinder, 2010-2014

*Includes Tagalog, Korean, and Vietnamese among other languages

Notes:

= Data not available

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See Appendix for complete indicator details

SMMC PHYSICAL ENVIRONMENT PROFILE - DETAIL	PSA				
Indicators	**92307 Apple Valley**	**92308 Apple Valley**	**92344 Hesperia**	**92345 Hesperia**	**92392 Victorville**
Housing					
Households with more than one occupant per room (%)[1]	3.3%	4.3%	4.6%	9.1%	7.6%
Renters who pay 30% or more of household income on rent (%)[1]	67.3%	64.7%	53.6%	64.5%	56.7%

1. U.S. Census Bureau American FactFinder, 2010-2014

	PSA				
Indicators	**92307 Apple Valley**	**92308 Apple Valley**	**92344 Hesperia**	**92345 Hesperia**	**92392 Victorville**
Transportation					
Among workers who commute in their car alone, the percentage that commute 30 minutes or more (%)[1]	36.8%	34.9%	63.7%	45.5%	43.9%

1. U.S. Census Bureau American FactFinder, 2010-2014

	PSA				
Indicators	**92307 Apple Valley**	**92308 Apple Valley**	**92344 Hesperia**	**92345 Hesperia**	**92392 Victorville**
Environmental					
Pollution burden	25.955	19.103	30.046	28.119	24.459
Ozone ratio	0.171	0.412	0.435	0.479	0.253
Particulate matter (PM2.5)	7.440	8.426	10.419	9.807	9.355

Notes:

= Data not available

PSA = primary service area; SSA = secondary service area; TSA = total service area

See Appendix for complete indicator details

CHIS NE

SMMC PHYSICAL ENVIRONMENT PROFILE - DETAIL

Indicators	92394 Victorville	92395 Victorville	SSA 92301 Adelanto	92342 Helendale	92356 Lucerne Valley	92368 Oro Grande
Housing						
Households with more than one occupant per room (%)[1]	7.2%	6.6%	13.3%	1.1%	6.6%	10.0%
Renters who pay 30% or more of household income on rent (%)[1]	67.9%	60.4%	76.5%	60.9%	72.0%	52.1%

1. U.S. Census Bureau American FactFinder, 2010-2014

Indicators	92394 Victorville	92395 Victorville	SSA 92301 Adelanto	92342 Helendale	92356 Lucerne Valley	92368 Oro Grande
Transportation						
Among workers who commute in their car alone, the percentage that commute 30 minutes or more (%)[1]	37.6%	30.8%	41.9%	59.5%	57.0%	50.4%

1. U.S. Census Bureau American FactFinder, 2010-2014

Indicators	92394 Victorville	92395 Victorville	SSA 92301 Adelanto	92342 Helendale	92356 Lucerne Valley	92368 Oro Grande
Environmental						
Pollution burden	30.37	37.255	37.215	31.429	28.467	41.382
Ozone ratio	0.163	0.216	0.144	0.064	0.280	0.095
Particulate matter (PM2.5)	8.338	8.684	7.908	7.006	6.176	6.983

Notes:

= Data not available

PSA = primary service area; SSA = secondary service area; TSA = total service area

See Appendix for complete indicator details

CHIS NE

SMMC HEALTH OUTCOMES PROFILE - DETAIL	PSA						
Indicators	92307 Apple Valley	92308 Apple Valley	92344 Hesperia	92345 Hesperia	92392 Victorville	92394 Victorville	92395 Victorville
Morbidity							
Fair or poor health (ages 0-17)	2.1%	2.7%	3.2%	3.2%	3.3%	2.9%	2.8%
Fair or poor health (ages 18-64)	18.1%	17.6%	23.3%	22.6%	28.2%	27.5%	22.9%
Fair or poor health (ages 65+)	22.5%	23.4%		29.5%	33.7%		
Poor physical health days[1]							
Disabled population (%)[2]	14.5%	17.5%	9.6%	12.8%	9.1%	11.9%	12.4%
Percent of population ages 0-4	2.5%	0.0%	0.0%	1.0%	0.0%	0.0%	1.1%
Percent of population ages 5-17	5.5%	8.1%	6.6%	4.7%	4.6%	7.4%	3.3%
Percent of population ages 18-64	13.6%	14.9%	9.4%	12.0%	8.7%	11.7%	11.2%
Percent of population ages 65+	35.3%	42.0%	29.8%	44.2%	34.5%	44.6%	47.0%
Low-birth weight (< 2500 grams) (%)[3]	8.3%	5.9%	7.5%	8.7%	7.6%	9.1%	7.5%

1. County Health Rankings & Roadmaps, 2016
2. U.S. Census Bureau American FactFinder, 2010 - 2014
3. California Department of Public Health, 2012

	PSA						
Indicators	92307 Apple Valley	92308 Apple Valley	92344 Hesperia	92345 Hesperia	92392 Victorville	92394 Victorville	92395 Victorville
Chronic Conditions							
Ever diagnosed with asthma (ages 1-17)	17.5%	16.6%	13.0%	16.7%	14.8%	15.1%	18.1%
Ever diagnosed with asthma (ages 18+)	14.4%	15.9%	9.9%	14.9%	13.6%	15.5%	16.1%
Ever diagnosed with diabetes (ages 18+)	10.8%	13.2%	11.0%	13.3%	13.5%	14.1%	14.3%
Pre-diabetes (ages 18+) (%)[1]							
Ever diagnosed with heart disease (ages 18+)	7.0%	7.6%	4.9%	5.8%	4.8%	5.3%	6.3%

1. UCLA Center for Health Policy Research, 2013-2014

	PSA						
Indicators	92307 Apple Valley	92308 Apple Valley	92344 Hesperia	92345 Hesperia	92392 Victorville	92394 Victorville	92395 Victorville
Cancer Rates (Age-adjusted rates per 100,000)[1]							
Breast cancer incidence (females only)							
White (non-Latino)							
Black (non-Latino)							
Latino							
Asian/Pacific Islander (non-Latino)							
Cervical cancer incidence							
White (non-Latino)							
Black (non-Latino)							
Latino							
Asian/Pacific Islander (non-Latino)							
Colorectal cancer incidence							
White (non-Latino)							
Black (non-Latino)							
Latino							
Asian/Pacific Islander (non-Latino)							
Lung and Bronchus cancer incidence							
White (non-Latino)							
Black (non-Latino)							
Latino							
Asian/Pacific Islander (non-Latino)							
Oral Cavity and Pharynx cancer incidence							
White (non-Latino)							
Black (non-Latino)							
Latino							
Asian/Pacific Islander (non-Latino)							
Prostate cancer incidence							
White (non-Latino)							
Black (non-Latino)							
Latino							
Asian/Pacific Islander (non-Latino)							

1. Cancer Incidence and Mortality Inquiry System, 2009-2013

Indicators	PSA						
	92307 Apple Valley	92308 Apple Valley	92344 Hesperia	92345 Hesperia	92392 Victorville	92394 Victorville	92395 Victorville
Mental Health							
Youth suicidal ideation (student reported) - grades 9th, 11th, and non-traditional students (%)[1]							
9th grade							
11th grade							
Non-traditional							
Youth suicidal ideation (student reported) - grades 9th, 11th, and non-traditional students, by race/ethnicity (%)[1]							
African American/Black							
American Indian/Alaska Native							
Asian							
Latino							
Native Hawaiian/Pacific Islander							
White							
Multiracial							
Other							
Suicide rate per 100,000 youth (ages 15-24)[1]							
Number of youth suicides (ages 15-24), by race/ethnicity[1]							
African American/Black							
American Indian/Alaska Native							
Asian							
Latino							
White							
Multiracial							
Poor mental health days (age-adjusted)[2]							
Suicidal ideation (ages 18+)							
Adults with likely serious psychological stress (ages 18+)	8.0%	7.4%	9.5%	8.2%	9.4%	8.4%	7.3%

1. Kidsdata.org, 2011-2013
2. County Health Rankings & Roadmaps, 2016

Indicators	PSA						
	92307 Apple Valley	92308 Apple Valley	92344 Hesperia	92345 Hesperia	92392 Victorville	92394 Victorville	92395 Victorville
Emergency Room (ER) Utilization - Mental Health							
Adult age-adjusted ER rate due to mental health (rate per 10,000)[1]							
American Indian/Alaska Native							
Asian/Pacific Islander							
Black/African American							
Latino, any race							
White, non-Latino							

Notes:
= Data not available
PSA = primary service area; SSA = secondary service area; TSA = total service area
See Appendix for complete indicator details

SMMC HEALTH OUTCOMES PROFILE - DETAIL	SSA			
Indicators	**92301 Adelanto**	**92342 Helendale**	**92356 Lucerne Valley**	**92368 Oro Grande**
Morbidity				
Fair or poor health (ages 0-17)				
Fair or poor health (ages 18-64)	29.9%	17.1%	23.0%	28.4%
Fair or poor health (ages 65+)	37.0%			
Poor physical health days[1]				
Disabled population (%)[2]	10.7%	12.3%	20.2%	12.1%
Percent of population ages 0-4	0.0%	6.3%	0.0%	0.0%
Percent of population ages 5-17	8.0%	5.5%	7.2%	6.0%
Percent of population ages 18-64	10.4%	7.6%	17.9%	10.6%
Percent of population ages 65+	49.2%	33.6%	52.7%	31.0%
Low-birth weight (< 2500 grams) (%)[3]	9.7%	10.0%	7.3%	8.3%

1. County Health Rankings & Roadmaps, 2016
2. U.S. Census Bureau American FactFinder, 2010 - 2014
3. California Department of Public Health, 2012

	SSA			
Indicators	**92301 Adelanto**	**92342 Helendale**	**92356 Lucerne Valley**	**92368 Oro Grande**
Chronic Conditions				
Ever diagnosed with asthma (ages 1-17)	14.6%	13.7%		
Ever diagnosed with asthma (ages 18+)	15.0%	13.9%	15.4%	13.6%
Ever diagnosed with diabetes (ages 18+)	14.2%	10.6%	12.9%	15.1%
Pre-diabetes (ages 18+) (%)[1]				
Ever diagnosed with heart disease (ages 18+)	4.8%	8.6%	8.0%	7.4%

1. UCLA Center for Health Policy Research, 2013-2014

	SSA			
Indicators	**92301 Adelanto**	**92342 Helendale**	**92356 Lucerne Valley**	**92368 Oro Grande**
Cancer Rates (Age-adjusted rates per 100,000)[1]				
Breast cancer incidence (females only)				
White (non-Latino)				
Black (non-Latino)				
Latino				
Asian/Pacific Islander (non-Latino)				
Cervical cancer incidence				
White (non-Latino)				
Black (non-Latino)				
Latino				
Asian/Pacific Islander (non-Latino)				
Colorectal cancer incidence				
White (non-Latino)				
Black (non-Latino)				
Latino				
Asian/Pacific Islander (non-Latino)				
Lung and Bronchus cancer incidence				
White (non-Latino)				
Black (non-Latino)				
Latino				
Asian/Pacific Islander (non-Latino)				
Oral Cavity and Pharynx cancer incidence				
White (non-Latino)				
Black (non-Latino)				
Latino				
Asian/Pacific Islander (non-Latino)				
Prostate cancer incidence				
White (non-Latino)				
Black (non-Latino)				
Latino				
Asian/Pacific Islander (non-Latino)				

1. Cancer Incidence and Mortality Inquiry System, 2009-2013

Indicators	SSA			
	92301 Adelanto	92342 Helendale	92356 Lucerne Valley	92368 Oro Grande
Mental Health				
Youth suicidal ideation (student reported) - grades 9th, 11th, and non-traditional students (%)[1]				
9th grade				
11th grade				
Non-traditional				
Youth suicidal ideation (student reported) - grades 9th, 11th, and				
African American/Black				
American Indian/Alaska Native				
Asian				
Latino				
Native Hawaiian/Pacific Islander				
White				
Multiracial				
Other				
Suicide rate per 100,000 youth (ages 15-24)[1]				
Number of youth suicides (ages 15-24), by race/ethnicity[1]				
African American/Black				
American Indian/Alaska Native				
Asian				
Latino				
White				
Multiracial				
Poor mental health days (age-adjusted)[2]				
Suicidal ideation (ages 18+)				
Adults with likely serious psychological stress (ages 18+)	9.5%	6.4%	8.7%	8.4%

1. Kidsdata.org, 2011-2013
2. County Health Rankings & Roadmaps, 2016

Indicators	SSA			
	92301 Adelanto	92342 Helendale	92356 Lucerne Valley	92368 Oro Grande
Emergency Room (ER) Utilization - Mental Health				
Adult age-adjusted ER rate due to mental health (rate per 10,000)[1]				
American Indian/Alaska Native				
Asian/Pacific Islander				
Black/African American				
Latino, any race				
White, non-Latino				

Notes:

= Data not available

PSA = primary service area; SSA = secondary service area; TSA = total service area

See Appendix for complete indicator details

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SMMC HEALTH BEHAVIORS PROFILE - DETAIL	PSA						
Indicators	**92307 Apple Valley**	**92308 Apple Valley**	**92344 Hesperia**	**92345 Hesperia**	**92392 Victorville**	**92394 Victorville**	**92395 Victorville**
Overweight for ages 2-11 (weight ≥ 95th percentile)	19.2%	18.8%	22.8%	21.3%	22.4%	21.4%	20.6%
Overweight or obese (BMI ≥ 85th percentile) (ages 12-17)	34.9%	33.4%		37.9%	41.3%	38.1%	37.1%
Obese (BMI ≥ 30) (ages 18+)	31.6%	34.2%	32.4%	39.2%	37.3%	38.9%	37.8%
Food environment index[1]							
Sugary drink consumption 1 or more times per day (ages 18+)	22.5%			25.0%		30.2%	23.8%
Regular physical activity (ages 5-17)	27.3%	24.8%	25.0%	20.9%	25.2%	23.8%	22.7%
Walked at least 150 minutes (ages 18+)	28.5%	29.0%	23.8%	29.8%	27.2%	27.8%	30.6%
Number of newly diagnosed chlamydia cases per 100,000 population[1]							
Percentage of births delivered by mother's ages <20 (%)[2]	10.4%	11.2%	6.7%	10.2%	10.9%	10.3%	11.0%

1. County Health Rankings & Roadmaps, 2016

2. California Department of Public Health, 2012

	PSA						
Indicators	**92307 Apple Valley**	**92308 Apple Valley**	**92344 Hesperia**	**92345 Hesperia**	**92392 Victorville**	**92394 Victorville**	**92395 Victorville**
Alcohol, Tobacco, and Substance Use							
Current smoker (ages 18+)	12.1%	10.9%	8.9%	9.4%	10.4%	9.0%	10.3%
Percentage of adults reporting binge or heavy drinking (%)[1]							
Alcohol impaired driving deaths (%)[1]							
Youth alcohol/drug use in the past month (student reported) - grades 7th, 9th, 11th, and non-traditional students (%)[2]							
7th grade							
9th grade							
11th grade							
Non-traditional							
Youth alcohol/drug use in the past month (student reported) - grades 7th, 9th, 11th, and non-traditional students, by race/ethnicity (%)[2]							
African American/Black							
American Indian/Alaska Native							
Asian							
Latino							
Native Hawaiian/Pacific Islander							
White							
Multiracial							
Other							

1. County Health Rankings & Roadmaps, 2016

2. Kidsdata.org, 2011-2013

Notes:

= Data not available

PSA = primary service area; SSA = secondary service area; TSA = total service area

See Appendix for complete indicator details

SMMC HEALTH BEHAVIORS PROFILE - DETAIL	SSA			
Indicators	**92301 Adelanto**	**92342 Helendale**	**92356 Lucerne Valley**	**92368 Oro Grande**
Overweight for ages 2-11 (weight ≥ 95th percentile)	22.1%			
Overweight or obese (BMI ≥ 85th percentile) (ages 12-17)	37.7%			
Obese (BMI ≥ 30) (ages 18+)	38.8%	26.5%	37.5%	41.2%
Food environment index[1]				
Sugary drink consumption 1 or more times per day (ages 18+)	32.6%	20.8%	25.4%	
Regular physical activity (ages 5-17)	26.1%			
Walked at least 150 minutes (ages 18+)	27.2%	28.5%	27.6%	26.3%
Number of newly diagnosed chlamydia cases per 100,000 population[1]				
Percentage of births delivered by mother's ages <20 (%)[2]	12.6%		18.2%	25.0%

1. County Health Rankings & Roadmaps, 2016
2. California Department of Public Health, 2012

	SSA			
Indicators	**92301 Adelanto**	**92342 Helendale**	**92356 Lucerne Valley**	**92368 Oro Grande**
Alcohol, Tobacco, and Substance Use				
Current smoker (ages 18+)	11.0%	10.5%	12.0%	12.1%
Percentage of adults reporting binge or heavy drinking (%)[1]				
Alcohol impaired driving deaths (%)[1]				
Youth alcohol/drug use in the past month (student reported) - grades 7th, 9th, 11th, and non-traditional students (%)[2]				
7th grade				
9th grade				
11th grade				
Non-traditional				
Youth alcohol/drug use in the past month (student reported) - grades 7th, 9th, :				
African American/Black				
American Indian/Alaska Native				
Asian				
Latino				
Native Hawaiian/Pacific Islander				
White				
Multiracial				
Other				

1. County Health Rankings & Roadmaps, 2016
2. Kidsdata.org, 2011-2013

Notes:

= Data not available

PSA = primary service area; SSA = secondary service area; TSA = total service area

See Appendix for complete indicator details

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SMMC CLINICAL CARE PROFILE - DETAIL	PSA						
Indicators	**92307 Apple Valley**	**92308 Apple Valley**	**92344 Hesperia**	**92345 Hesperia**	**92392 Victorville**	**92394 Victorville**	**92395 Victorville**
Access to Care							
Usual source of care							
Latino							
Yes							
No							
White (non-Latino)							
Yes							
No							
Asian (non-Latino)							
Yes							
No							
Two or More Races (non-Latino)							
Yes							
No							
Uninsured (ages 0-17) (%)		2.3%	2.3%	2.3%			
Uninsured (ages 18-64) (%)	16.9%	16.8%	20.3%	20.8%	21.2%	23.4%	20.8%
First trimester prenatal care (%)[1]	78.7%	81.5%	89.1%	79.2%	80.4%	78.0%	77.9%
Ratio of population to primary care physicians[2]							
Visited the dentist (ages 2-11)	85.9%	86.0%		87.0%	87.4%	86.9%	86.0%
Ratio of population to dentists[2]							
Ratio of population to mental health providers[2]							
Ratio of population to PCPs other than physicians[2]							
Delay prescriptions or medical services (ages 0-17)	8.5%	8.4%		8.7%	5.9%	7.3%	8.9%
Delay prescriptions or medical services (ages 18+)	24.4%	22.6%	29.0%	22.1%	26.3%	20.0%	21.9%
Preventable hospital stays[2]							
Mammography screenings (ages 30+)							
Mammography screenings, female Medicare enrollees (ages 67-69) (%)[2]							

1. California Department of Public Health, 2012
2. County Health Rankings & Roadmaps, 2016

Notes:

= Data not available

PSA = primary service area; SSA = secondary service area; TSA = total service area

See Appendix for complete indicator details

1-1.9 percentage points worse than the TSA value
2-3.9 percentage points worse than the TSA value
4.0 or more percentage points worse than the TSA value

SMMC CLINICAL CARE PROFILE - DETAIL	SSA			
Indicators	**92301 Adelanto**	**92342 Helendale**	**92356 Lucerne Valley**	**92368 Oro Grande**
Access to Care				
Usual source of care				
Latino				
Yes				
No				
White (non-Latino)				
Yes				
No				
Asian (non-Latino)				
Yes				
No				
Two or More Races (non-Latino)				
Yes				
No				
Uninsured (ages 0-17) (%)		2.4%		
Uninsured (ages 18-64) (%)	24.7%	15.6%	16.4%	20.3%
First trimester prenatal care (%)[1]	73.7%	78.6%	69.1%	50.0%
Ratio of population to primary care physicians[2]				
Visited the dentist (ages 2-11)	88.0%			
Ratio of population to dentists[2]				
Ratio of population to mental health providers[2]				
Ratio of population to PCPs other than physicians[2]				
Delay prescriptions or medical services (ages 0-17)	6.2%	5.4%		
Delay prescriptions or medical services (ages 18+)	21.3%	24.2%	23.9%	22.3%
Preventable hospital stays[2]				
Mammography screenings (ages 30+)				
Mammography screenings, female Medicare enrollees (ages 67-69) (%)[2]				

1. California Department of Public Health, 2012
2. County Health Rankings & Roadmaps, 2016

Notes:

= Data not available

PSA = primary service area; SSA = secondary service area; TSA = total servi

See Appendix for complete indicator details

SMMC CLINICAL CARE PROFILE - DETAIL

Indicators
Access to Care
Usual source of care
Latino
Yes
No
White (non-Latino)
Yes
No
Asian (non-Latino)
Yes
No
Two or More Races (non-Latino)
Yes
No
Uninsured (ages 0-17) (%)
Uninsured (ages 18-64) (%)
First trimester prenatal care (%)[1]
Ratio of population to primary care physicians[2]
Visited the dentist (ages 2-11)
Ratio of population to dentists[2]
Ratio of population to mental health providers[2]
Ratio of population to PCPs other than physicians[2]
Delay prescriptions or medical services (ages 0-17)
Delay prescriptions or medical services (ages 18+)
Preventable hospital stays[2]
Mammography screenings (ages 30+)
Mammography screenings, female Medicare enrollees (ages 67-69) (%)[2]

1. California Department of Public Health, 2012
2. County Health Rankings & Roadmaps, 2016

Notes:

= Data not available

PSA = primary service area; SSA = secondary service area; TSA = total servi

See Appendix for complete indicator details

FY17 Community Health Needs Assessment
Secondary Data Appendix

Note: All data accessed by SJH Strategic Services Department in April-July 2016

Indicators	Geographic Level	Primary Data Source	Data Retrieved From	Actual Indicator Name	Notes
DEMOGRAPHIC					
Total population	State (CA), County, TSA, SSA, PSA, Zip code	Esri (2016)	Esri Business Analyst Online (2016)	2016 Total Population	Forecasting change in the size and distribution of the household population begins at the county level with several sources of data. Esri begins with earlier county estimates from the US Census Bureau. Because testing has revealed improvement in accuracy by using a variety of different sources to track county population trends, Esri also employs a time series of county-to-county migration data from the Internal Revenue Service, building permits and housing starts, plus residential postal delivery counts. Finally, local data sources that tested well against Census 2010 are reviewed. The end result balances the measures of growth from a variety of data series.
Female (%)	State (CA), County, TSA, SSA, PSA, Zip code	Esri (2016)	Esri Business Analyst Online (2016)	2016 Female Population (Esri) (%)	The population by sex is projected via a cohort survival model that separately calculates the components of population change by age and sex. Applying survival rates specific to the cohort carries the 2010 population forward.
Male (%)	State (CA), County, TSA, SSA, PSA, Zip code	Esri (2016)	Esri Business Analyst Online (2016)	2016 Male Population (Esri) (%)	The population by sex is projected via a cohort survival model that separately calculates the components of population change by age and sex. Applying survival rates specific to the cohort carries the 2010 population forward.
Median age	State (CA), County, TSA, SSA, PSA, Zip code	Esri (2016)	Esri Business Analyst Online (2016)	2016 Median Age	
Age (%)	State (CA), County, TSA, SSA, PSA, Zip code	Esri (2016)	Esri Business Analyst Online (2016)	Numerator(s): Custom age variables: -2016 Both Ages less than 5 -2016 Both Ages 6 to 17 -2016 Both Ages 18 to 44 -2016 Both Ages 45 to 64 -2016 Both Ages 65 to 74 -2016 Both Ages 75+ Denominator(s): 2016 Total Population	The population by age is projected via a cohort survival model that separately calculates the components of population change by age and sex. Applying survival rates specific to the cohort carries the 2010 population forward.
Race/ethnicity (%)	State (CA), County, TSA, SSA, PSA, Zip code	Esri (2016)	Esri Business Analyst Online (2016)	Numerator(s): -2016 Hispanic Population -2016 White Non-Hispanic Population -2016 Black/African American Non-Hispanic Population -2016 Asian Non-Hispanic Population -2016 Pacific Islander Non-Hispanic Population -2016 American Indian/Alaska Native Non-Hispanic Population -2016 Other Race Non-Hispanic Population -2016 Multiple Races Non-Hispanic Population Denominator(s): 2016 Total Population	- All references to "Hispanic" in indicator names were changed to "Latino". - Historical trends in race and ethnicity combined with the most current data sources by race and Hispanic origin, including population estimates by county and state from the Census Bureau and survey data from the ACS, are analyzed to establish county population by race and Hispanic origin.
SOCIO-ECONOMIC					
Median household income	State (CA), County, TSA, SSA, PSA, Zip code	Esri (2016)	Esri Business Analyst Online (2016)	2016 Median Household Income	
Children (ages 0-17) living below 100% of the federal poverty line (FPL) (%)	State (CA), County, TSA, SSA, PSA, Zip code	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	Table: S1701: POVERTY STATUS IN THE PAST 12 MONTHS Numerator(s): Below poverty level; Estimate; AGE - Under 18 years Denominator(s): Total; Estimate; AGE - Under 18 years	Poverty statistics presented in ACS reports and tables adhere to the standards specified by the Office of Management and Budget in Statistical Policy Directive 14. Following the Office of Management and Budget's (OMB) Statistical Policy Directive 14, the Census Bureau uses a set of money income thresholds that vary by family size and composition to determine who is in poverty. If a family's total income is less than the family's threshold, then that family and every individual in it is considered in poverty. The official poverty thresholds do not vary geographically, but they are updated for inflation using Consumer Price Index (CPI-U). The official poverty definition uses money income before taxes and does not include capital gains or noncash benefits (such as public housing, Medicaid, and food stamps). For individuals who do not live with family members, their own income is compared with the appropriate threshold.

FY17 Community Health Needs Assessment
Secondary Data Appendix

Note: All data accessed by SJH Strategic Services Department in April-July 2016

Indicators	Geographic Level	Primary Data Source	Data Retrieved From	Actual Indicator Name	Notes
Older adults (ages 65+) living below 100% of the FPL (%)	State (CA), County, TSA, SSA, PSA, Zip code	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	Table: S1701: POVERTY STATUS IN THE PAST 12 MONTHS Numerator(s): Below poverty level; Estimate; AGE - 65 years and over Denominator(s): Total; Estimate; AGE - 65 years and over	Poverty statistics presented in ACS reports and tables adhere to the standards specified by the Office of Management and Budget in Statistical Policy Directive 14. Following the Office of Management and Budget's (OMB) Statistical Policy Directive 14, the Census Bureau uses a set of money income thresholds that vary by family size and composition to determine who is in poverty. If a family's total income is less than the family's threshold, then that family and every individual in it is considered in poverty. The official poverty thresholds do not vary geographically, but they are updated for inflation using Consumer Price Index (CPI-U). The official poverty definition uses money income before taxes and does not include capital gains or noncash benefits (such as public housing, Medicaid, and food stamps). For individuals who do not live with family members, their own income is compared with the appropriate threshold.
Households living below 100% of the FPL (%)	State (CA), County, TSA, SSA, PSA, Zip code	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	Table: B17026: RATIO OF INCOME TO POVERTY LEVEL OF FAMILIES IN THE PAST 12 MONTHS Numerator(s) Sum of: Estimate; Total: - Under .50 Estimate; Total: - .50 to .74 Estimate; Total: - .75 to .99 Denominator(s): Estimate; Total:	- Universe = Families (A group of two or more people who reside together and who are related by birth, marriage, or adoption) - Poverty statistics presented in ACS reports and tables adhere to the standards specified by the Office of Management and Budget in Statistical Policy Directive 14. Following the Office of Management and Budget's (OMB) Statistical Policy Directive 14, the Census Bureau uses a set of money income thresholds that vary by family size and composition to determine who is in poverty. If a family's total income is less than the family's threshold, then that family and every individual in it is considered in poverty. The official poverty thresholds do not vary geographically, but they are updated for inflation using Consumer Price Index (CPI-U). The official poverty definition uses money income before taxes and does not include capital gains or noncash benefits (such as public housing, Medicaid, and food stamps). For individuals who do not live with family members, their own income is compared with the appropriate threshold. - The ratio of income to poverty is a family's or person's income divided by their poverty threshold. Income-to-poverty ratio categories represent variations of the poverty level. Frequently-used ratios include: Ratios below 1.00 (below 100 percent of poverty) are below the official poverty definition, while ratios of 1.00 or greater (100 percent of poverty or greater) indicate income above the poverty level. Ratios below 0.50 (50 percent of poverty, that is, income less than half of the poverty threshold) have sometimes been described as "severe poverty", while those with ratios at/or above 1.00 percent by less than 1.25 percent have been described as "near poverty". - A family includes a householder and one or more people living in the same household who are related to the householder by birth, marriage, or adoption. All people in a household who are related to the householder are regarded as members of his or her family. A family household may contain people not related to the householder, but those people are not included as part of the householder's family. Thus, the number of family households is equal to the number of families, but family households may include more members than do families. Not all households contain families since a household may comprise a group of unrelated people or one person living alone.
Households living below 200% of the FPL (%)	State (CA), County, TSA, SSA, PSA, Zip code	U.S. Census Bureau American FactFinder, 2010 - 2014 (2014 ACS 5-year estimates) (factfinder.census.gov)	U.S. Census Bureau American FactFinder, 2010 - 2014 (2014 ACS 5-year estimates) (factfinder.census.gov)	Table: B17026: RATIO OF INCOME TO POVERTY LEVEL OF FAMILIES IN THE PAST 12 MONTHS Numerator(s) Sum of: - Estimate; Total: - Under .50 - Estimate; Total: - .50 to .74 - Estimate; Total: - .75 to .99 - Estimate; Total: - 1.00 to 1.24 - Estimate; Total: - 1.25 to 1.49 - Estimate; Total: - 1.50 to 1.74 - Estimate; Total: - 1.75 to 1.84 - Estimate; Total: - 1.85 to 1.99 Denominator(s): - Estimate; Total:	

FY17 Community Health Needs Assessment
Secondary Data Appendix

Note: All data accessed by SJH Strategic Services Department in April-July 2016

Indicators	Geographic Level	Primary Data Source	Data Retrieved From	Actual Indicator Name	Notes
Unemployment rate (%)	State (CA), County, TSA, SSA, PSA, Zip code	U.S. Census Bureau American FactFinder, 2010 - 2014 (2014 ACS 5-year estimates) (factfinder.census.gov)	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	Table: B23025: EMPLOYMENT STATUS FOR THE POPULATION 16 YEARS AND OVER Numerator(s): Estimate; In labor force: - Civilian labor force: - Unemployed Denominator(s): Estimate; In labor force: - Civilian labor force:	- All civilians 16 years old and over are classified as unemployed if they (1) were neither "at work" nor "with a job but not at work" during the reference week, and (2) were actively looking for work during the last 4 weeks, and (3) were available to accept a job. Also included as unemployed are civilians who did not work at all during the reference week, were waiting to be called back to a job from which they had been laid off, and were available for work except for temporary illness.
Population ages 25+ with less than high school diploma (%)	State (CA), County, TSA, SSA, PSA, Zip code	U.S. Census Bureau American FactFinder, 2010 - 2014 (2014 ACS 5-year estimates) (factfinder.census.gov)	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	Table: DP02: SELECTED SOCIAL CHARACTERISTICS IN THE UNITED STATES Numerator(s) Sum of: - Estimate; EDUCATIONAL ATTAINMENT - Population 25 years and over - Less than 9th grade - Estimate; EDUCATIONAL ATTAINMENT - Population 25 years and over - 9th to 12th grade, no diploma Denominator(s): Estimate; EDUCATIONAL ATTAINMENT - Population 25 years and over	
Gini coefficient (measure of income inequality)	State (CA), County, Zip code	California Health Interview Survey-Neighborhood Edition - 2014	California Health Interview Survey-Neighborhood Edition - 2014	Income Inequality (GINI) (0+)	The Gini coefficient measures the income distribution of an area's residents. A Gini coefficient of zero expresses perfect equality, where, for example, everyone has the same income. A Gini coefficient of 1 (or 100%) expresses maximal inequality among values (e.g., for a large number of people, only one person has all the income or consumption, and all others have none).
Low-income food insecurity (ages 18+)	State (CA), County, TSA, SSA, PSA, Zip code	California Health Interview Survey-Neighborhood Edition - 2014	California Health Interview Survey-Neighborhood Edition - 2014	Low-Income food insecurity (18+)	Provides information on whether the respondent has consistent ability to afford enough food. Asked of adults ages 18+ with an income < 200% FPL. Those not asked are considered to be food secure.
Population enrolled in Medi-Cal (%)	State (CA), County, TSA, SSA, PSA, Zip code	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	Table: S2701: HEALTH INSURANCE COVERAGE STATUS Numerator(s): Number Insured by Coverage Type; Estimate; HEALTH COVERAGE BY TYPE - Medicaid/means-tested public coverage Denominator(s): Total; Estimate; Total civilian noninstitutionalized population	- Universe: Total civilian noninstitutionalized population - *Medicaid or other means-tested public coverage* = coverage through Medicaid, Medical Assistance, or any kind of government-assistance plan for those with low incomes or a disability
Language spoken at home (%) Only English	State (CA), County, TSA, SSA, PSA, Zip code	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	Table: B16001: LANGUAGE SPOKEN AT HOME BY ABILITY TO SPEAK ENGLISH FOR THE POPULATION 5 YEARS AND OVER Numerator(s): Estimate; Total: - Speak only English Denominator(s): Estimate; Total:	The language currently used by respondents at home, either "English only" or a non-English language which is used in addition to English or in place of English.

FY17 Community Health Needs Assessment
Secondary Data Appendix

Note: All data accessed by SJH Strategic Services Department in April-July 2016

Indicators	Geographic Level	Primary Data Source	Data Retrieved From	Actual Indicator Name	Notes
Language spoken at home - other than English and speaks English less than "very well" (%)		L	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*		- Universe: Population 5 years and over - Methodology: In accordance to the language requirement for 501r for financial assistance policy plan language summary translation, languages with a threshold of 1,000 individuals or more of the respective ministries' total service area who speak a language other than English and speaks English less than "very well" at home are listed as a separate language group. Any language in which less than 1,000 individuals spoke a language other than English at home and spoke English less than "very well" that did not meet the threshold was added into the "Other languages" group. The top three highest language groups that did not meet the threshold have been outlined in the footnote. - More information regarding the 39 language groups may be found here: http://www.census.gov/topics/population/language-use/about.html Language Groups Language Code List
Spanish	State (CA), County, TSA, SSA, PSA, Zip code	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	Table: B16001: LANGUAGE SPOKEN AT HOME BY ABILITY TO SPEAK ENGLISH FOR THE POPULATION 5 YEARS AND OVER Numerator(s): Estimate; Total: - Spanish or Spanish Creole: - Speak English less than "very well" Denominator(s): Estimate; Total	Spanish = Spanish, Ladino, Pachuco
French	State (CA), County, TSA, SSA, PSA, Zip code	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	Table: B16001: LANGUAGE SPOKEN AT HOME BY ABILITY TO SPEAK ENGLISH FOR THE POPULATION 5 YEARS AND OVER Numerator(s): Estimate; Total: - French (incl. Patois, Cajun): - Speak English less than "very well" Denominator(s): Estimate; Total	French = French, Provencal, Patois, Cajun
French Creole	State (CA), County, TSA, SSA, PSA, Zip code	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	Table: B16001: LANGUAGE SPOKEN AT HOME BY ABILITY TO SPEAK ENGLISH FOR THE POPULATION 5 YEARS AND OVER Estimate; Total: - French Creole: - Speak English less than "very well" Denominator(s): Estimate; Total	
Italian	State (CA), County, TSA, SSA, PSA, Zip code	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	Table: B16001: LANGUAGE SPOKEN AT HOME BY ABILITY TO SPEAK ENGLISH FOR THE POPULATION 5 YEARS AND OVER Numerator(s): Estimate; Total: - Italian: - Speak English less than "very well" Denominator(s): Estimate; Total	
Portuguese	State (CA), County, TSA, SSA, PSA, Zip code	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	Table: B16001: LANGUAGE SPOKEN AT HOME BY ABILITY TO SPEAK ENGLISH FOR THE POPULATION 5 YEARS AND OVER Numerator(s): Estimate; Total: - Portuguese or Portuguese Creole: - Speak English less than "very well" Denominator(s): Estimate; Total	Portuguese = Portuguese, Papia Mentae

FY17 Community Health Needs Assessment
Secondary Data Appendix

Note: All data accessed by SJH Strategic Services Department in April-July 2016

Indicators	Geographic Level	Primary Data Source	Data Retrieved From	Actual Indicator Name	Notes
German	State (CA), County, TSA, SSA, PSA, Zip code	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	Table: B16001: LANGUAGE SPOKEN AT HOME BY ABILITY TO SPEAK ENGLISH FOR THE POPULATION 5 YEARS AND OVER Numerator(s): Estimate; Total: - German: - Speak English less than "very well" Denominator(s): Estimate; Total	German = German, Luxembourgian
Yiddish	State (CA), County, TSA, SSA, PSA, Zip code	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	Table: B16001: LANGUAGE SPOKEN AT HOME BY ABILITY TO SPEAK ENGLISH FOR THE POPULATION 5 YEARS AND OVER Numerator(s): Estimate; Total: - Yiddish: - Speak English less than "very well" Denominator(s): Estimate; Total	
Other West Germanic Languages	State (CA), County, TSA, SSA, PSA, Zip code	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	Table: B16001: LANGUAGE SPOKEN AT HOME BY ABILITY TO SPEAK ENGLISH FOR THE POPULATION 5 YEARS AND OVER Numerator(s): Estimate; Total: - Other West Germanic languages: - Speak English less than "very well" Denominator(s): Estimate; Total	Other West Germanic Languages = Pennsylvania Dutch, Dutch, Afrikaans, Frisian
Scandinavian languages	State (CA), County, TSA, SSA, PSA, Zip code	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	Table: B16001: LANGUAGE SPOKEN AT HOME BY ABILITY TO SPEAK ENGLISH FOR THE POPULATION 5 YEARS AND OVER Numerator(s): Estimate; Total: - Scandinavian languages: - Speak English less than "very well" Denominator(s): Estimate; Total	Scandinavian languages = Swedish, Danish, Norwegian, Icelandic, Faroese
Greek	State (CA), County, TSA, SSA, PSA, Zip code	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	Table: B16001: LANGUAGE SPOKEN AT HOME BY ABILITY TO SPEAK ENGLISH FOR THE POPULATION 5 YEARS AND OVER Numerator(s): Estimate; Total: - Greek: - Speak English less than "very well" Denominator(s): Estimate; Total	
Russian	State (CA), County, TSA, SSA, PSA, Zip code	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	Table: B16001: LANGUAGE SPOKEN AT HOME BY ABILITY TO SPEAK ENGLISH FOR THE POPULATION 5 YEARS AND OVER Numerator(s): Estimate; Total: - Russian: - Speak English less than "very well" Denominator(s): Estimate; Total	
Polish	State (CA), County, TSA, SSA, PSA, Zip code	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	Table: B16001: LANGUAGE SPOKEN AT HOME BY ABILITY TO SPEAK ENGLISH FOR THE POPULATION 5 YEARS AND OVER Numerator(s): Estimate; Total: - Polish: - Speak English less than "very well" Denominator(s): Estimate; Total	
Serbo-Croatian	State (CA), County, TSA, SSA, PSA, Zip code	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	Table: B16001: LANGUAGE SPOKEN AT HOME BY ABILITY TO SPEAK ENGLISH FOR THE POPULATION 5 YEARS AND OVER Numerator(s): Estimate; Total: - Serbo-Croatian: - Speak English less than "very well" Denominator(s): Estimate; Total	Serbo-Croatian = 649 Serbocroatian 650 Croatian 651 Serbian

FY17 Community Health Needs Assessment
Secondary Data Appendix

Note: All data accessed by SJH Strategic Services Department in April-July 2016

Indicators	Geographic Level	Primary Data Source	Data Retrieved From	Actual Indicator Name	Notes
Other Slavic languages	State (CA), County, TSA, SSA, PSA, Zip code	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	Table: B16001: LANGUAGE SPOKEN AT HOME BY ABILITY TO SPEAK ENGLISH FOR THE POPULATION 5 YEARS AND OVER Numerator(s): Estimate; Total: - Other Slavic languages: - Speak English less than "very well" Denominator(s): Estimate; Total	Other Slavic languages = Bielorussian, Ukrainian, Czech, Kashubian, Lusatian, Slovak, Bulgarian, Macedonian, Slovene
Armenian	State (CA), County, TSA, SSA, PSA, Zip code	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	Table: B16001: LANGUAGE SPOKEN AT HOME BY ABILITY TO SPEAK ENGLISH FOR THE POPULATION 5 YEARS AND OVER Numerator(s): Estimate; Total: - Armenian: - Speak English less than "very well" Denominator(s): Estimate; Total	
Persian	State (CA), County, TSA, SSA, PSA, Zip code	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	Table: B16001: LANGUAGE SPOKEN AT HOME BY ABILITY TO SPEAK ENGLISH FOR THE POPULATION 5 YEARS AND OVER Numerator(s): Estimate; Total: - Persian: - Speak English less than "very well" Denominator(s): Estimate; Total	
Gujarati	State (CA), County, TSA, SSA, PSA, Zip code	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	Table: B16001: LANGUAGE SPOKEN AT HOME BY ABILITY TO SPEAK ENGLISH FOR THE POPULATION 5 YEARS AND OVER Numerator(s): Estimate; Total: - Gujarati: - Speak English less than "very well" Denominator(s): Estimate; Total	
Hindi	State (CA), County, TSA, SSA, PSA, Zip code	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	Table: B16001: LANGUAGE SPOKEN AT HOME BY ABILITY TO SPEAK ENGLISH FOR THE POPULATION 5 YEARS AND OVER Numerator(s): Estimate; Total: - Hindi: - Speak English less than "very well" Denominator(s): Estimate; Total	
Urdu	State (CA), County, TSA, SSA, PSA, Zip code	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	Table: B16001: LANGUAGE SPOKEN AT HOME BY ABILITY TO SPEAK ENGLISH FOR THE POPULATION 5 YEARS AND OVER Numerator(s): Estimate; Total: - Urdu: - Speak English less than "very well" Denominator(s): Estimate; Total	
Other Indic languages	State (CA), County, TSA, SSA, PSA, Zip code	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	Table: B16001: LANGUAGE SPOKEN AT HOME BY ABILITY TO SPEAK ENGLISH FOR THE POPULATION 5 YEARS AND OVER Numerator(s): Estimate; Total: - Other Indic languages: - Speak English less than "very well" Denominator(s): Estimate; Total	Other Indic languages = India (not elsewhere classified)., Bengali, Panjabi, Marathi, Bihari, Rajasthani, Oriya, Assamese, Kashmiri, Nepali, Sindhi, Pakistan (not elsewhere classified), Sinhalese, Romany
Other Indo-European languages	State (CA), County, TSA, SSA, PSA, Zip code	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	Table: B16001: LANGUAGE SPOKEN AT HOME BY ABILITY TO SPEAK ENGLISH FOR THE POPULATION 5 YEARS AND OVER Numerator(s): Estimate; Total: - Other Indo-European languages: - Speak English less than "very well" Denominator(s): Estimate; Total	Other Indo-European languages = Jamaican Creole, Krio, Hawaiian Pidgin, Pidgin, Gullah, Saramacca, Catalonian, Romanian, Rhaeto-Romanic, Welsh, Breton, Irish Gaelic, Scottic Gaelic, Albanian, Lithuanian, Latvian, Pashto, Kurdish, Balochi, Tadzhik, Ossete

FY17 Community Health Needs Assessment
Secondary Data Appendix

Note: All data accessed by SJH Strategic Services Department in April-July 2016

Indicators	Geographic Level	Primary Data Source	Data Retrieved From	Actual Indicator Name	Notes
Chinese	State (CA), County, TSA, SSA, PSA, Zip code	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	Table: B16001: LANGUAGE SPOKEN AT HOME BY ABILITY TO SPEAK ENGLISH FOR THE POPULATION 5 YEARS AND OVER Numerator(s): Estimate; Total: - Chinese: - Speak English less than "very well" Denominator(s): Estimate; Total	
Japanese	State (CA), County, TSA, SSA, PSA, Zip code	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	Table: B16001: LANGUAGE SPOKEN AT HOME BY ABILITY TO SPEAK ENGLISH FOR THE POPULATION 5 YEARS AND OVER Numerator(S): Estimate; Total: - Japanese: - Speak English less than "very well" Denominator(s): Estimate; Total	
Korean	State (CA), County, TSA, SSA, PSA, Zip code	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	Table: B16001: LANGUAGE SPOKEN AT HOME BY ABILITY TO SPEAK ENGLISH FOR THE POPULATION 5 YEARS AND OVER Numerator(s): Estimate; Total: - Korean: - Speak English less than "very well" Denominator(s): Estimate; Total	
Mon-Khmer, Cambodian	State (CA), County, TSA, SSA, PSA, Zip code	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	Table: B16001: LANGUAGE SPOKEN AT HOME BY ABILITY TO SPEAK ENGLISH FOR THE POPULATION 5 YEARS AND OVER Numerator(s): Estimate; Total: - Mon-Khmer, Cambodian: - Speak English less than "very well" Denominator(s): Estimate; Total	
Hmong	State (CA), County, TSA, SSA, PSA, Zip code	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	Table: B16001: LANGUAGE SPOKEN AT HOME BY ABILITY TO SPEAK ENGLISH FOR THE POPULATION 5 YEARS AND OVER Numerator(s): Estimate; Total: - Hmong: - Speak English less than "very well" Denominator(s): Estimate; Total	
Thai	State (CA), County, TSA, SSA, PSA, Zip code	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	Table: B16001: LANGUAGE SPOKEN AT HOME BY ABILITY TO SPEAK ENGLISH FOR THE POPULATION 5 YEARS AND OVER Numerator(s): Estimate; Total: - Thai: - Speak English less than "very well" Denominator(s): Estimate; Total	
Laotian	State (CA), County, TSA, SSA, PSA, Zip code	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	Table: B16001: LANGUAGE SPOKEN AT HOME BY ABILITY TO SPEAK ENGLISH FOR THE POPULATION 5 YEARS AND OVER Numerator(s): Estimate; Total: - Laotian: - Speak English less than "very well" Denominator(s): Estimate; Total	
Vietnamese	State (CA), County, TSA, SSA, PSA, Zip code	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	Table: B16001: LANGUAGE SPOKEN AT HOME BY ABILITY TO SPEAK ENGLISH FOR THE POPULATION 5 YEARS AND OVER Numerator(s): Estimate; Total: - Vietnamese: - Speak English less than "very well" Denominator(s): Estimate; Total	
Other Asian languages	State (CA), County, TSA, SSA, PSA, Zip code	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	Table: B16001: LANGUAGE SPOKEN AT HOME BY ABILITY TO SPEAK ENGLISH FOR THE POPULATION 5 YEARS AND OVER Numerator(s): Estimate; Total: - Other Asian languages: - Speak English less than "very well" Denominator(s): Estimate; Total	Other Asian languages = Chuvash, Karakalpak, Kazakh, Kirghiz, Karachay, Uighur, Azerbaijani, Turkish, Turkmen, Yakut, Mongolian, Tungus, Caucasian, Basque, Dravidian, Brahui, Gondi, Telugu, Kannada, Malayalam, Tamil, Kurukh, Munda, Burushaski, Tibetan, Burmese, Karen, Kachin, Mien, Paleo-Siberian, Muong

FY17 Community Health Needs Assessment
Secondary Data Appendix

Note: All data accessed by SJH Strategic Services Department in April-July 2016

Indicators	Geographic Level	Primary Data Source	Data Retrieved From	Actual Indicator Name	Notes
Tagalog	State (CA), County, TSA, SSA, PSA, Zip code	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	Table: B16001: LANGUAGE SPOKEN AT HOME BY ABILITY TO SPEAK ENGLISH FOR THE POPULATION 5 YEARS AND OVER Numerator(s): Estimate; Total: - Tagalog: - Speak English less than "very well" Denominator(s): Estimate; Total	
Other Pacific Island languages	State (CA), County, TSA, SSA, PSA, Zip code	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	Table: B16001: LANGUAGE SPOKEN AT HOME BY ABILITY TO SPEAK ENGLISH FOR THE POPULATION 5 YEARS AND OVER Numerator(s): Estimate; Total: - Other Pacific Island languages: - Speak English less than "very well" Denominator(s): Estimate; Total	Other Pacific Island languages = Buginese, Moluccan, Indonesian, Achinese, Balinese, Cham, Javanese, Madurese, Malagasy, Malay, Minangkabau, Sundanese, Bisayan, Sebuano, Pangasinan, Ilocano, Bikol, Pampangan, Gorontalo, Micronesian, Carolinian, Chamorro, Gilbertese, Kusaiean, Marshallese, Mokilese, Mortlockese, Nauruan, Palau, Ponapean, Trukese, Ulithean, Woleai-Ulithi, Yapese, Melanesian, Polynesian, Samoan, Tongan, Niuean, Tokelauan, Fijian, Marquesan, Rarotongan, Maori, Nukuoro, Hawaiian
Navajo	State (CA), County, TSA, SSA, PSA, Zip code	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	Table: B16001: LANGUAGE SPOKEN AT HOME BY ABILITY TO SPEAK ENGLISH FOR THE POPULATION 5 YEARS AND OVER Numerator(s): Estimate; Total: - Navajo: - Speak English less than "very well" Denominator(s): Estimate; Total	
Other Native North American languages	State (CA), County, TSA, SSA, PSA, Zip code	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	Table: B16001: LANGUAGE SPOKEN AT HOME BY ABILITY TO SPEAK ENGLISH FOR THE POPULATION 5 YEARS AND OVER Numerator(s): Estimate; Total: - Other Native North American languages: - Speak English less than "very well" Denominator(s): Estimate; Total	Other Native Northern American languages (800-863, 865-955, 959-966, 977-982) = Eskimo-Aleut languages (800-805) Algonquian languages (806-827) Wakashan languages (829-832) Salish languages (833-845, 981-982) 846 Haida Athapascan-Eyak languages except Navajo (847-862, 865, 977-980) 866 Tlingit Penutian languages (867-884, 964-965) Hokan languages (885-901) Siouan languages (904-914) Muskogean languages (915-920) Iroquian languages (925-933) Caddoan languages (934-937) Uto-Aztecan languages (938-955) Tanoan languages (863, 959-963) 966 American Indian 981 Kalispel (Salish) 982 Spokane (Salish)
Hungarian	State (CA), County, TSA, SSA, PSA, Zip code	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	Table: B16001: LANGUAGE SPOKEN AT HOME BY ABILITY TO SPEAK ENGLISH FOR THE POPULATION 5 YEARS AND OVER Numerator(s): Estimate; Total: - Hungarian: - Speak English less than "very well" Denominator(s): Estimate; Total	
Arabic	State (CA), County, TSA, SSA, PSA, Zip code	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	Table: B16001: LANGUAGE SPOKEN AT HOME BY ABILITY TO SPEAK ENGLISH FOR THE POPULATION 5 YEARS AND OVER Numerator(s): Estimate; Total: - Arabic: - Speak English less than "very well" Denominator(s): Estimate; Total	

FY17 Community Health Needs Assessment
Secondary Data Appendix

Note: All data accessed by SJH Strategic Services Department in April-July 2016

Indicators	Geographic Level	Primary Data Source	Data Retrieved From	Actual Indicator Name	Notes
Hebrew	State (CA), County, TSA, SSA, PSA, Zip code	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	Table: B16001: LANGUAGE SPOKEN AT HOME BY ABILITY TO SPEAK ENGLISH FOR THE POPULATION 5 YEARS AND OVER Numerator(s): Estimate; Total: - Hebrew: - Speak English less than "very well" Denominator(s): Estimate; Total	
African languages	State (CA), County, TSA, SSA, PSA, Zip code	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	Table: B16001: LANGUAGE SPOKEN AT HOME BY ABILITY TO SPEAK ENGLISH FOR THE POPULATION 5 YEARS AND OVER Numerator(s): Estimate; Total: - African languages: - Speak English less than "very well" Denominator(s): Estimate; Total	African languages = 780 Amharic, 781 Berber, 782 Chadic, 783 Cushite, 784 Sudanic, 785 Nilotic, 786 Nilo-hamitic, 787 Nubian, 788 Saharan, 789 Nilo-sharan, 790 Khoisan, 791 Swahili, 792 Bantu, 793 Mande, 794 Fulani, 795 Gur, 796 Kru, Ibo, Yoruba, 797 Efik, 798 Mbum (and Related), 799 African (not further specified)
Other languages	State (CA), County, TSA, SSA, PSA, Zip code	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	Table: B16001: LANGUAGE SPOKEN AT HOME BY ABILITY TO SPEAK ENGLISH FOR THE POPULATION 5 YEARS AND OVER Numerator(s): Estimate; Total: - Other and unspecified languages: - Speak English less than "very well" + [Language group(s) with less than 1,000 individuals who speak a language other than English at home and speak English less than "very well"] Denominator(s): Estimate; Total	Other languages = 679 Finnish (OTHER) 680 Estonian (OTHER) 681 Lapp (OTHER)683 Other Uralic Lang. (OTHER) 696 Caucasian (OTHER) 697 Basque (OTHER) 779 Syriac 956 Aztecan(Cent/South America) 957 Sonoran, nec(Cent/So America) 958 Indian (Not on the edited file) 967 Misumalpan 968 Mayan Languages 969 Tarascan (Penutian) 970 Mapuche 971 Oto - Manguen 972 Quechua 973 Aymara 974 Arawakian 975 Chibchan 976 Tupi-guarani 983-997 Not used (On the edited file only) 998 Specified Not Listed 999 Not Specified + Any language in which less than 1,000 individuals spoke a language other than English at home and spoke English less than "very well" that did not meet the threshold was added into the "Other languages" group. The top three highest language groups that did not meet the threshold have been outlined in the footnote.
Percent of population ages 0 to 17 that is non-citizen (%)	State (CA), County, TSA, SSA, PSA, Zip code	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	Table: B05003: SEX BY AGE BY NATIVITY AND CITIZENSHIP STATUS Numerator(s) Sum of: - Estimate; Male: - Under 18 years: - Foreign born: - Not a U.S. citizen - Estimate; Female: - Under 18 years: - Foreign born: - Not a U.S. citizen Denominator(s) Sum of: - Estimate; Male: - Under 18 years: - Estimate; Female: - Under 18 years:	- People who indicate that they were born in the United States, Puerto Rico, a U.S. Island Area, or abroad of a U.S. citizen parent(s) are citizens. - People who indicate that they are U.S. citizens through naturalization are also citizens. - Naturalized citizens are foreign-born people who identify themselves as naturalized. Naturalization is the conferring, by any means, of citizenship upon a person after birth.

FY17 Community Health Needs Assessment
Secondary Data Appendix

Note: All data accessed by SJH Strategic Services Department in April-July 2016

Indicators	Geographic Level	Primary Data Source	Data Retrieved From	Actual Indicator Name	Notes
Percent of population ages 18+ that is non-citizen (%)	State (CA), County, TSA, SSA, PSA, Zip code	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	Table: B05003: SEX BY AGE BY NATIVITY AND CITIZENSHIP STATUS Numerator(s) Sum of: Estimate; Male: - 18 years and over: - Foreign born: - Not a U.S. citizen Estimate; Female: - 18 years and over: - Foreign born: - Not a U.S. citizen Denominator(s): Estimate; Male: - 18 years and over: Estimate; Female: - 18 years and over:	- People who indicate that they were born in the United States, Puerto Rico, a U.S. Island Area, or abroad of a U.S. citizen parent(s) are citizens. - People who indicate that they are U.S. citizens through naturalization are also citizens. - Naturalized citizens are foreign-born people who identify themselves as naturalized. Naturalization is the conferring, by any means, of citizenship upon a person after birth.
Veteran population (%)	State (CA), County, TSA, SSA, PSA, Zip code	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	Table: DP02:SELECTED SOCIAL CHARACTERISTICS IN THE UNITED STATES Numerator(s): Estimate; VETERAN STATUS - Civilian population 18 years and over - Civilian veterans Denominator(s): Estimate; VETERAN STATUS - Civilian population 18 years and over	Definition: A "civilian veteran" is a person 18 years old or over who has served (even for a short time), but is not now serving, on active duty in the U.S. Army, Navy, Air Force, Marine Corps, or the Coast Guard, or who served in the U.S. Merchant Marine during World War II. People who served in the National Guard or military Reserves are classified as veterans only if they were ever called or ordered to active duty, not counting the 4-6 months for initial training or yearly summer camps. All other civilians 16 years old and over are classified as nonveterans.
PHYSICAL ENVIRONMENT					
Housing					
Households with more than one occupant per room (%)	State (CA), County, TSA, SSA, PSA, Zip code	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	Table: DP04: SELECTED HOUSING CHARACTERISTICS Numerator(s) Sum of: - Estimate; OCCUPANTS PER ROOM - Occupied housing units - 1.01 to 1.50 - Estimate; OCCUPANTS PER ROOM - Occupied housing units - 1.51 or more Denominator(s): Estimate; OCCUPANTS PER ROOM - Occupied housing units	
Renters who pay 30% or more of household income on rent (%)	State (CA), County, TSA, SSA, PSA, Zip code	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	Table: DP04: SELECTED HOUSING CHARACTERISTICS Numerator(s) Sum of: - Estimate; GROSS RENT AS A PERCENTAGE OF HOUSEHOLD INCOME (GRAPI) - Occupied units paying rent (excluding units where GRAPI cannot be computed) - 30.0 to 34.9 percent - Estimate; GROSS RENT AS A PERCENTAGE OF HOUSEHOLD INCOME (GRAPI) - Occupied units paying rent (excluding units where GRAPI cannot be computed) - 35.0 percent or more Denominator(s): - Estimate; GROSS RENT AS A PERCENTAGE OF HOUSEHOLD INCOME (GRAPI) - Occupied units paying rent (excluding units where GRAPI cannot be computed)	
Transportation					

FY17 Community Health Needs Assessment
Secondary Data Appendix

Note: All data accessed by SJH Strategic Services Department in April-July 2016

Indicators	Geographic Level	Primary Data Source	Data Retrieved From	Actual Indicator Name	Notes
Among workers who commute in their car alone, the percentage that commute 30 minutes or more (%)	State (CA), County, TSA, SSA, PSA, Zip code	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	U.S. Census Bureau American FactFinder, 2010 - 2014 (2014 ACS 5-year estimates) (factfinder.census.gov)	Table: B08134: MEANS OF TRANSPORTATION TO WORK BY TRAVEL TIME TO WORK Numerator(s) Sum of: - Estimate; Total: - Car, truck, or van: - Drove alone: - 30 to 34 minutes - Estimate; Total: - Car, truck, or van: - Drove alone: - 35 to 44 minutes - Estimate; Total: - Car, truck, or van: - Drove alone: - 45 to 59 minutes - Estimate; Total: - Car, truck, or van: - Drove alone: - 60 or more minutes Denominator(s): Estimate; Total: - Car, truck, or van: - Drove alone:	Universe: Workers 16 years and over who did not work at home
Environmental					
Pollution burden	State (CA), County, TSA, SSA, PSA, Zip code	California Health Interview Survey-Neighborhood Edition - 2008 - 2012	California Health Interview Survey-Neighborhood Edition - 2014	Pollution Burden (0+)	CalEnviroScreen Score: California Communities Environmental Health Screening Tool.
Ozone ratio	State (CA), County, TSA, SSA, PSA, Zip code	California Health Interview Survey-Neighborhood Edition - 2009 - 2011	California Health Interview Survey-Neighborhood Edition - 2014	Ozone Ratio (0+)	Amount of daily maximum 8-hour ozone concentration over the California 8-hour standard (0.070 ppm).
Particulate matter (PM2.5)	State (CA), County, TSA, SSA, PSA, Zip code	California Health Interview Survey-Neighborhood Edition - 2009 - 2011	California Health Interview Survey-Neighborhood Edition - 2014	Particulate Matter (PM2.5) (0+)	Annual mean PM 2.5 concentration (average of quarterly means), ug/m3
CITY LEVEL INDICATORS					
Socio-Economic Factors					
Violent crimes, rate per 100,000 inhabitants	State (CA), County, City	*For violent crime* : State of California Department of Justice, 2014	State of California Department of Justice (2014) *http://oag.ca.gov/crime/cjsc/stats/crimes-clearances*	Numerator (from CA Department of Justice): Violent_sum Denominator (from ACS): *Table B01003: Total Population* - Estimate; Total Calculation: (Violent_sum x 100,000)/(Estimate; Total)	- Calculation for Violence Crime rate: A crime rate describes the number of crimes reported to law enforcement agencies for every 100,000 persons within a population. A crime rate is calculated by dividing the number of reported crimes by the total population. The result is then multiplied by 100,000. - Violent crime = the sum of homicide, rape, robbery, and aggravated assault.
		For population : U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates)	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*		
Domestic violence calls for assistance, rate per 1,000 residents	State (CA), County	California Dept. of Justice, Criminal Justice Statistics Center, Domestic Violence-Related Calls for Assistance Database (1998-2003) and Online Query System (Aug. 2015)	Kidsdata.org, A Program of Lucile Packard Foundation for Children's Health (2014)	Domestic Violence Calls for Assistance	According to California Penal Code 13700, domestic violence is defined as "abuse committed against an adult or a fully emancipated minor who is a spouse, former spouse, cohabitant, former cohabitant, or person with whom the suspect has had a child or is having or has had a dating or engagement relationship." Data include both cases where an arrest was made and those where circumstances did not warrant an arrest.
Number of domestic violence calls for assistance	State (CA), County, City	California Dept. of Justice, Criminal Justice Statistics Center, Domestic Violence-Related Calls for Assistance Database (1998-2003) and Online Query System (Aug. 2015)	Kidsdata.org, A Program of Lucile Packard Foundation for Children's Health (2014)	Domestic Violence Calls for Assistance, by City	
Child abuse allegations, rate per 1,000 children	State (CA), County	Child Welfare Services/Case Management System (CWS/CMS), California Department of Social Services (2015 Quarter 4 extract)	California Child Welfare Indicators Project (CCWIP) (2015 Quarter 4 extract) *http://cssr.berkeley.edu/ucb_childwelfare/entries.aspx*	California Child Population (0-17) and Children with Child Maltreatment Allegations, Substantiations, and Entries Incidence per 1,000 Children Column: %	

FY17 Community Health Needs Assessment
Secondary Data Appendix

Note: All data accessed by SJH Strategic Services Department in April-July 2016

Indicators	Geographic Level	Primary Data Source	Data Retrieved From	Actual Indicator Name	Notes
Substantiated child abuse allegations, rate per 1,000 children	State (CA), County	Child Welfare Services/Case Management System (CWS/CMS), California Department of Social Services (2015 Quarter 4 extract)	California Child Welfare Indicators Project (CCWIP) (2015 Quarter 4 extract) *http://cssr.berkeley.edu/ucb_childwelfare/entries.aspx*	California Child Population (0-17) and Children with Child Maltreatment Allegations, Substantiations, and Entries Incidence per 1,000 Children Column: %	
Physical Environment					
Percent of population living within half mile of transit (%)	County, City	- The Southern California Association of Governments (2012) *www.scag.ca.gov* - The Metropolitan Transportation Commission (2012) *www.mtc.ca.gov* ; - Transit Stops from the Sacramento Council of Governments (2008) *www.sacog.org* - Block-level population data by race and ethnicity from the U.S. Census Bureau: California State Data Center at the California Department of Finance (2010)	California Department of Public Health (2012)	*Public Transit Access: Percent of population residing within ½ mile of a major transit stop* Column: p_trans_acc	- Definition: Proportion of the population that resides within a ½ mile of a transit stop with a headway of 15 minutes or less during peak commute hours - Transit stops included those served by one or more fixed route transit service with a frequency of 15 minutes or less during peak hours (6-9AM, 3-6PM). For the SCAG and MTC regions, stops with multiple routes whose average frequency was 15 minutes or less were included (e.g. 2 different bus routes with 30 minute frequencies each). Geospatial software (ArcMAP 10.1) was used to identify census blocks with centroids inside ½ mile buffers of the transit stops. Block-level 2010 Census redistricting data (100% counts by race/ethnicity) was merged with blocks inside the transit access area, and population counts were aggregated by census tract, city/town, county, and region. - Strength and Limitations: Transit stops and service are subject to change and this analysis may not reflect recent changes. Census blocks are designated as inside or outside of transit buffers based on block centroids, which may result in small under- or overestimates of the population within buffer areas. The population data are from a slighter earlier time period (2010) than the transit data (2012), which may introduce a small error if the population numbers or demographics have changed. This indicator measures geographic access; however, other characteristics of public transit, such as affordability and personal safety (e.g. crime), also impact transit use.
Percent of residents within half mile of a park, beach, or open space (%)	State (CA), County, City	California Protected Areas Database (CPAD version 1.8, 2012), maintained by GreenInfo Network, accessed September, 2012 from CALANDS website at http://www.calands.org/ . 2010 block-level population data by race and ethnicity from the U.S. Census Bureau (provided by California State Data Center at the California Department of Finance)	California Department of Public Health (2010) *https://www.cdph.ca.gov/programs/Pages/HealthyCommunityIndicators.aspx#DataIndAv*	*Access to Parks: Percent of residents within ½ mile of a park, beach, or open space* Column: p_parkacc	- Definition: Percent of population within 1/2 mile of park, beach, open space, or coastline - The California Protected Areas Database (updated 2012) was obtained as a shape file from the CALANDS website. The database includes open space lands including parks, as well as open space lands with other uses, including: recreation, forestry, historical/cultural, habitat conservation, water supply, scenic areas, flood control, agricultural/ranching, and general open space. Parks greater than 1 acre with 'Open Access' designation were selected for analysis. Half mile buffers were created around parks. Census blocks with centroids inside the parks buffer area were selected. 2010 block-level Census redistricting data (100% count by race/ethnicity) were merged with blocks inside the parks buffer area. Block data were aggregated by census tract, city/town, county, region, and state. The percent of residents' access to parks were calculated for each geographic level and for race/ethnicity strata. Regions were based on counties of metropolitan transportation organizations (MPO) regions as reported in the 2010 California Regional Progress Report (http://www.dot.ca.gov/hq/tpp/offices/orip/Collaborative%20Planning/Files/CARegionalProgress_2-1-2011.pdf). Standard errors, relative standard errors, and 95% upper and lower confidence intervals were calculated. - Limitations: The California Protected Areas Database does not include tribal lands, lands used for active military purposes, and properties protected through easements. The indicator takes into account the travel distance to park borders, but does not take into account points of entry. The indicator does not take into account the quality of park facilities, level of maintenance, specific amenities and services offered, or safety issues. While the indicator only measures "walkable" distance, transportation to parks through private or public transit was not considered. Census blocks are designated as inside or outside of park buffers based on block centroids, which can result in some misclassification of population within buffer areas. The indicator does not include "mini parks" or "pocket parks", sometimes defined as less than 1 acre. The indicator only includes beach and coastline areas that are part CPAD, and known to be accessible to the public.
PARKSCORE INDEX					
ParkScore® index	City	The Trust for Public Land (2016) *http://parkscore.tpl.org/*	The Trust for Public Land (2016) *http://parkscore.tpl.org/*	ParkScore® index	The ParkScore® index measures how well the 100 largest U.S. cities are meeting the need for parks.
HEALTH OUTCOMES					
Morbidity					

FY17 Community Health Needs Assessment
Secondary Data Appendix

Note: All data accessed by SJH Strategic Services Department in April-July 2016

Indicators	Geographic Level	Primary Data Source	Data Retrieved From	Actual Indicator Name	Notes
Fair or poor health (ages 0-17)	State (CA), County, TSA, SSA, PSA, Zip code	California Health Interview Survey-Neighborhood Edition - 2014	California Health Interview Survey-Neighborhood Edition - 2014	Fair or poor health (0-17)	Child and teen respondents ages 0-17 with fair or poor health.
Fair or poor health (ages 18-64)	State (CA), County, TSA, SSA, PSA, Zip code	California Health Interview Survey-Neighborhood Edition - 2014	California Health Interview Survey-Neighborhood Edition - 2014	Fair or poor health (18-64)	Adult respondents ages 18-64 with fair or poor health.
Fair or poor health (ages 65+)	State (CA), County, TSA, SSA, PSA, Zip code	California Health Interview Survey-Neighborhood Edition - 2014	California Health Interview Survey-Neighborhood Edition - 2014	Fair or poor health (65+)	Older respondents ages 65+ with fair or poor health.
Poor physical health days	State (CA) & County	Behavioral Risk Factor Surveillance System	County Health Rankings & Roadmaps (2016)	Poor physical health days	Average number of physically unhealthy days reported in past 30 days (age-adjusted)
Disabled population (%)	State (CA), County, TSA, SSA, PSA, Zip code	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	U.S. Census Bureau American FactFinder, (2014 ACS 5-year estimates: 2010 - 2014) *factfinder.census.gov*	Table: S1810: DISABILITY CHARACTERISTICS Numerator: With a disability; Estimate; Total civilian noninstitutionalized population Denominator(s): Total; Estimate; Total civilian noninstitutionalized population	Disability = A long-lasting physical, mental, or emotional condition. This condition can make it difficult for a person to do activities such as walking, climbing stairs, dressing, bathing, learning, or remembering. This condition can also impede a person from being able to go outside the home alone or to work at a job or business.
Percent of population ages 0-4	State (CA), County, TSA, SSA, PSA, Zip code	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	Table: S1810: DISABILITY CHARACTERISTICS Numerator: With a disability; Estimate; Population under 5 years Denominator(s): Total; Estimate; Population under 5 years	
Percent of population ages 5-17	State (CA), County, TSA, SSA, PSA, Zip code	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	Table: S1810: DISABILITY CHARACTERISTICS Numerator: With a disability; Estimate; Population 5 to 17 years Denominator(s): Total; Estimate; Population 5 to 17 years	

FY17 Community Health Needs Assessment
Secondary Data Appendix

Note: All data accessed by SJH Strategic Services Department in April-July 2016

Indicators	Geographic Level	Primary Data Source	Data Retrieved From	Actual Indicator Name	Notes
Percent of population ages 18-64	State (CA), County, TSA, SSA, PSA, Zip code	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	Table: S1810: DISABILITY CHARACTERISTICS Numerator: With a disability; Estimate; Population 18 to 64 years Denominator(s): Total; Estimate; Population 18 to 64 years	
Percent of population ages 65+	State (CA), County, TSA, SSA, PSA, Zip code	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	U.S. Census Bureau American FactFinder (2010-2014 American Community Survey 5-Year Estimates) *factfinder.census.gov*	Table: S1810: DISABILITY CHARACTERISTICS Numerator: With a disability; Estimate; Population 65 years and over Denominator(s): Total; Estimate; Population 65 years and over	
Low-birth weight (< 2500 grams) (%)	State (CA) , TSA, SSA, PSA, Zip code	California Department of Public Health (2012)	California Department of Public Health (2012)	Numerator(s) Sum of: - Birthweight <1500 grams - Birthweight 1500-2499 grams Denominator(s): Total Births	
Chronic Conditions					
Ever diagnosed with asthma (ages 1-17)	State (CA), County, TSA, SSA, PSA, Zip code	California Health Interview Survey-Neighborhood Edition - 2014	California Health Interview Survey-Neighborhood Edition - 2014	Ever diagnosed with asthma (1-17)	Child and teen respondents ages 1-17 who were ever diagnosed with asthma by a doctor.
Ever diagnosed with asthma (ages 18+)	State (CA), County, TSA, SSA, PSA, Zip code	California Health Interview Survey-Neighborhood Edition - 2014	California Health Interview Survey-Neighborhood Edition - 2014	Ever diagnosed with asthma (18+)	Adult respondents ages 18+ who were ever diagnosed with asthma by a doctor.
Ever diagnosed with diabetes (ages 18+)	State (CA), County, TSA, SSA, PSA, Zip code	California Health Interview Survey-Neighborhood Edition - 2014	California Health Interview Survey-Neighborhood Edition - 2014	Ever diagnosed with diabetes (18+)	Adult respondents ages 18+ who were ever diagnosed with diabetes by a doctor.
Pre-diabetes (ages 18+) (%)	State (CA), County	Population: California Health Interview Survey (CHIS) (2013-2014) Pre-diabetes Estimates: National Center for Health Statistics (NHANES) (2009-2012)	UCLA Center for Health Policy Research (2013-2014)	Prediabetes and Diabetes by County	- Prediabetes estimates include adults with undiagnosed diabetes. - Estimates of prediabetes are based on predictive models developed using 2009-2012 NHANES data and applied to CHIS 2013-14 data.
Ever diagnosed with heart disease (ages 18+)	State (CA), County, TSA, SSA, PSA, Zip code	California Health Interview Survey-Neighborhood Edition - 2014	California Health Interview Survey-Neighborhood Edition - 2014	Ever diagnosed with heart disease (18+)	Adult respondents ages 18+ who were ever diagnosed with heart disease by a doctor.
Cancer Rates (Age-adjusted rates per 100,000)					
Breast cancer incidence (females only)	State (CA), County	California Cancer Registry (2009-2013)	Cancer Incidence and Mortality Inquiry System (2009-2013) *www.Cancer-rates.info*	Cancer Site: Breast (Female)	- Age-Adjusted to the 2000 U.S. Standard Population. All rates per 100,000 population - All references to "Hispanic" in indicator names were changed to "Latino"
Cervical cancer incidence	State (CA), County	California Cancer Registry (2009-2013)	Cancer Incidence and Mortality Inquiry System (2009-2013) *www.Cancer-rates.info*	Cancer Site: Cervix Uteri	- Age-Adjusted to the 2000 U.S. Standard Population. All rates per 100,000 population - All references to "Hispanic" in indicator names were changed to "Latino"
Colorectal cancer incidence	State (CA), County	California Cancer Registry (2009-2013)	Cancer Incidence and Mortality Inquiry System (2009-2013) *www.Cancer-rates.info*	Cancer Site: Colon and Rectum	- Age-Adjusted to the 2000 U.S. Standard Population. All rates per 100,000 population - All references to "Hispanic" in indicator names were changed to "Latino"
Lung and Bronchus cancer incidence	State (CA), County	California Cancer Registry (2009-2013)	Cancer Incidence and Mortality Inquiry System (2009-2013) *www.Cancer-rates.info*	Cancer Site: Lung and Bronchus	- Age-Adjusted to the 2000 U.S. Standard Population. All rates per 100,000 population - All references to "Hispanic" in indicator names were changed to "Latino"

FY17 Community Health Needs Assessment
Secondary Data Appendix

Note: All data accessed by SJH Strategic Services Department in April-July 2016

Indicators	Geographic Level	Primary Data Source	Data Retrieved From	Actual Indicator Name	Notes
Oral Cavity and Pharynx cancer incidence	State (CA), County	California Cancer Registry (2009-2013)	Cancer Incidence and Mortality Inquiry System (2009-2013) *www.Cancer-rates.info*	Cancer Site: Oral Cavity and Pharynx	- Age-Adjusted to the 2000 U.S. Standard Population. All rates per 100,000 population - All references to "Hispanic" in indicator names were changed to "Latino"
Prostate cancer incidence	State (CA), County	California Cancer Registry (2009-2013)	Cancer Incidence and Mortality Inquiry System (2009-2013) *www.Cancer-rates.info*	Cancer Site: Prostate	- Age-Adjusted to the 2000 U.S. Standard Population. All rates per 100,000 population - All references to "Hispanic" in indicator names were changed to "Latino"
Mental Health					
Youth suicidal ideation (student reported) - grades 9th, 11th, and non-traditional students (%)	State (CA), County	California Department of Education, California Healthy Kids Survey and California Student Survey (WestEd)	Kidsdata.org, A Program of Lucile Packard Foundation for Children's Health (2011-2013)	Suicidal Ideation (Student Reported), by grade level	- Percentage of public school students in grades 9, 11, and non-traditional students who reported seriously considering attempting suicide in the past 12 months - The 2011-2013 time period reflects data from school years 2011-12 and 2012-13. District- and county-level figures are weighted proportions from the 2011-13 California Healthy Kids Survey, and state-level figures are weighted proportions from the 2011-13 California Student Survey. The grade levels included in school district data depend on the grades offered in each district; for example, high school districts do not include 7th grade data. "Non-Traditional" students are those enrolled in Community Day Schools or Continuation Education; according to Ed-Data, these schools make up about 10% of all public schools in California. N/A indicates that the survey was not administered in that period or that data are not available for that group. LNE (Low Number Event) indicates that for a specific answer there were fewer than 25 respondents. N/R indicates that the sample is too small to be representative.
Youth suicidal ideation (student reported) - grades 9th, 11th, and non-traditional students, by race/ethnicity (%)	State (CA), County	California Department of Education, California Healthy Kids Survey and California Student Survey (WestEd)	Kidsdata.org, A Program of Lucile Packard Foundation for Children's Health (2011-2013)	Suicidal Ideation (Student Reported), by race/ethnicity	- Percentage of public school students in grades 9, 11, and non-traditional students who reported seriously considering attempting suicide in the past 12 months. - All references to "Hispanic" in indicator names were changed to "Latino" - The 2011-2013 time period reflects data from school years 2011-12 and 2012-13. District- and county-level figures are weighted proportions from the 2011-13 California Healthy Kids Survey, and state-level figures are weighted proportions from the 2011-13 California Student Survey. The grade levels included in school district data depend on the grades offered in each district; for example, high school districts do not include 7th grade data. "Non-Traditional" students are those enrolled in Community Day Schools or Continuation Education; according to Ed-Data, these schools make up about 10% of all public schools in California. N/A indicates that the survey was not administered in that period or that data are not available for that group. LNE (Low Number Event) indicates that for a specific answer there were fewer than 25 respondents. N/R indicates that the sample is too small to be representative.
Suicide rate per 100,000 youth (ages 15-24)	State (CA), County	California Department of Public Health, Death Statistical Master Files; CDC, Mortality data on WONDER (Apr. 2015); California Department of Finance, Race/Ethnic Population with Age and Sex Detail, 1990-1999, 2000-2010, 2010-2060 (Apr. 2015)	Kidsdata.org, A Program of Lucile Packard Foundation for Children's Health (2011-2013)	Youth Suicide Rate	Figures are presented as rates (per 100,000 youth ages 15-24) over three-year periods.
Number of youth suicides (ages 15-24), by race/ethnicity	State (CA), County	California Dept. of Public Health, Death Statistical Master Files; CDC, Mortality data on WONDER (Apr. 2015)	Kidsdata.org, A Program of Lucile Packard Foundation for Children's Health (2013)	Number of Youth Suicides, by race/ethnicity	Number of suicides by children/youth ages 5-24, by age group.
Poor mental health days (age-adjusted)	State (CA), County	Behavioral Risk Factor Surveillance System (2014)	County Health Rankings & Roadmaps (2016)	Poor mental health days	Average number of mentally unhealthy days reported in past 30 days (age-adjusted).
Suicidal Ideation (ages 18*)	State (CA), County	California Health Interview Survey-2014	ask.chis.ucla.edu	Ever seriously thought about committing suicide	Survey respondents ages 18+ were asked: "Have you ever seriously thought about commiitting sucide?"
Adults with likely serious psychological stress (ages 18+)	State (CA), County, TSA, SSA, PSA, Zip code	California Health Interview Survey-Neighborhood Edition - 2014	California Health Interview Survey-Neighborhood Edition - 2014	Serious psychological distress (18+)	Constructed using the Kessler 6 series for adults ages 18+ who reported serious psychological distress in the past 12 months (K6 score ≥ 13).
Emergency Room (ER) Utilization - Mental Health					
Adult age-adjusted ER rate due to mental health (rate per 10,000)	County (Orange County only), Zip code (Orange County only)	California Office of Statewide Health Planning and Development (2011-2013)	Orange County's Healthier Together (2011-2013) *www.ochealthiertogether.org*	Age-Adjusted ER Rate due to Mental Health	All references to "Hispanic" in indicator names were changed to "Latino."
Mortality					

FY17 Community Health Needs Assessment
Secondary Data Appendix

Note: All data accessed by SJH Strategic Services Department in April-July 2016

Indicators	Geographic Level	Primary Data Source	Data Retrieved From	Actual Indicator Name	Notes
Age-Adjusted Death Rate per 100,000 population due to any cause (2011-2013)	State, County, City (Orange County only); Zip code (Orange County only)	Orange County Master Death Files; California Department of Public Health, 2011-2013, Death Statistical Master Files	Orange County's Healthier Together for city data; County Health Status Profiles 2015 for county and state data	Age-Adjusted Death Rate per 100,000 population due to any cause (2011-2013)	Orange County city and zip code level data: http://www.ochealthiertogether.org/index.php?module=indicators&controller=index&action=view&indicatorId=5283&localeTypeId=3 County Level data: http://www.cdph.ca.gov/programs/ohir/Documents/OHIRProfiles2015.pdf
HEALTH BEHAVIORS					
Overweight for ages 2-11 (weight ≥ 95th percentile)	State (CA), County, TSA, SSA, PSA, Zip code	California Health Interview Survey-Neighborhood Edition - 2014	California Health Interview Survey-Neighborhood Edition - 2014	Overweight for age (weight ≥ 95th percentile) (2-11)	This variable assigns overweight for age to children, and is constructed using sex, age (in months) and weight (does NOT factor in height). For more information, seehttp://bit.ly/wtageinf andhttp://bit.ly/wtage.
Overweight or obese (BMI ≥ 85th percentile) (ages 12-17)	State (CA), County, TSA, SSA, PSA, Zip code	California Health Interview Survey-Neighborhood Edition - 2014	California Health Interview Survey-Neighborhood Edition - 2014	Overweight or obese (BMI ≥ 85th percentile) (12-17)	Teen respondents ages 12-17 who ranked higher than the 85th percentile in the CDC 2010 recommendations on assigning body mass index (BMI).
Obese (BMI ≥ 30) (ages 18+)	State (CA), County, TSA, SSA, PSA, Zip code	California Health Interview Survey-Neighborhood Edition - 2014	California Health Interview Survey-Neighborhood Edition - 2014	Obese (BMI ≥ 30) (18+)	Adult respondents ages 18+ who had a body mass index (BMI) of 30.0 or above. BMI was calculated using respondent's self-reported weight and height.
Food environment index	State (CA), County	USDA Food Environment Atlas - Map the Meal Gap (2013)	County Health Rankings & Roadmaps (2016)	Food environment index	Index of factors that contribute to a healthy food environment, 0 (worst) to 10 (best)
Sugary drink consumption 1 or more times per day (ages 18+)	State (CA), County, TSA, SSA, PSA, Zip code	California Health Interview Survey-Neighborhood Edition - 2014	California Health Interview Survey-Neighborhood Edition - 2014	Sugary drink consumption 1+ times per day (18+)	Adult respondents aged 18+ who consumed soda or sugar sweetened beverages at least 1 time per day.
Regular physical activity (ages 5-17)	State (CA), County, TSA, SSA, PSA, Zip code	California Health Interview Survey-Neighborhood Edition - 2014	California Health Interview Survey-Neighborhood Edition - 2014	Regular physical activity (5-17)	Children and teens ages 5-17 who engaged in at least 60 minutes of physical activity daily in the past week, excluding physical education.
Walked at least 150 minutes (ages 18+)	State (CA), County, TSA, SSA, PSA, Zip code	California Health Interview Survey-Neighborhood Edition - 2014	California Health Interview Survey-Neighborhood Edition - 2014	Walked at least 150 minutes (18+)	Adults ages 18+ who walked for transportation or leisure for at least 150 minutes in the past week.
Number of newly diagnosed chlamydia cases per 100,000 population	State (CA), County	National Center for HIV/AIDS, Viral Hepatitis, STD, and TB Prevention, (2013)	County Health Rankings & Roadmaps (2016)	Sexually transmitted infections	
Percentage of births delivered by mothers ages <20	State (CA), TSA, SSA, PSA and Zip code	California Department of Public Health (2012)	California Department of Public Health (2012)	Numerator(s): -Mother's Age at Delivery <20 Denominator(s): Total Births	
Number of births per 1000 teens ages 15-19	State (CA), County	California Department of Finance, California Department of Public Health, Center for Health Statistics, Birth Statistical Master Files	Kidsdata.org, 2013	Teen Births	http://www.kidsdata.org/
Alcohol, Tobacco, and Substance Use					
Current smoker (ages 18+)	State (CA), County, TSA, SSA, PSA, Zip code	California Health Interview Survey-Neighborhood Edition - 2014	California Health Interview Survey-Neighborhood Edition - 2014	Current smoker (18+)	Adult respondents ages 18+ were asked a series of smoking-related questions to obtain a current smoker status.
Percentage of adults reporting binge or heavy drinking	State (CA), County	Behavioral Risk Factor Surveillance System (2014)	County Health Rankings & Roadmaps (2016)	Excessive drinking	
Alcohol impaired driving deaths (%)	State (CA), County	Fatality Analysis Reporting System (2010-2014)	County Health Rankings & Roadmaps (2016)	Alcohol-impaired driving deaths	- Percentage of driving deaths with alcohol involvement. - Each year's data are weighted equally.
Youth alcohol/drug use in the past month (student reported) - grades 7th, 9th, 11th, and non-traditional students (%)	State (CA), County	California Department of Education, California Healthy Kids Survey and California Student Survey (WestEd) (2011-2013)	Kidsdata.org, A Program of Lucile Packard Foundation for Children's Health (2011-2013)	Alcohol/Drug Use in Past Month (Student Reported), by grade level	Percentage of public school students in grades 7, 9, 11, and non-traditional students reporting whether they used alcohol or any illegal drug (excluding tobacco) in the past 30 days.
Youth alcohol/drug use in the past month (student reported) - grades 7th, 9th, 11th, and non-traditional students, by race/ethnicity (%)	State (CA), County	California Department of Education, California Healthy Kids Survey and California Student Survey (WestEd) (2011-2013)	Kidsdata.org, A Program of Lucile Packard Foundation for Children's Health (2011-2013)	Alcohol/Drug Use in Past Month (Student Reported), by race/ethnicity	Percentage of public school students in grades 7, 9, 11, and non-traditional students reporting whether they used alcohol or any illegal drug (excluding tobacco) in the past 30 days.
CLINICAL CARE					

FY17 Community Health Needs Assessment
Secondary Data Appendix

Note: All data accessed by SJH Strategic Services Department in April-July 2016

Indicators	Geographic Level	Primary Data Source	Data Retrieved From	Actual Indicator Name	Notes
Access to Care					
Usual source of care	State (CA), County	California Health Interview Survey-2014	ask.chis.ucla.edu	Have usual place to go to when sick or need health advice	Indicates whether or not respondents have a usual source of care. This variable was created by consolidating the multiple yes/no questions about usual source of care in the questionnaire items.
Uninsured (ages 0-17) (%)	State (CA), County, TSA, SSA, PSA, Zip code	California Health Interview Survey-Neighborhood Edition - 2014	California Health Interview Survey-Neighborhood Edition - 2014	Currently uninsured (0-17)	Constructed using various health insurance questions for children & teens ages 0-17. Currently uninsured at time of interview.
Uninsured (ages 18-64) (%)	State (CA), County, TSA, SSA, PSA, Zip code	California Health Interview Survey-Neighborhood Edition - 2014	California Health Interview Survey-Neighborhood Edition - 2014	Currently uninsured (18-64)	Constructed using various health insurance questions for adults ages 18-64. Currently uninsured at time of interview.
First trimester prenatal care (%)	State (CA) , TSA, SSA, PSA, Zip code	California Department of Public Health (2012)	California Department of Public Health (2012)	Numerator(s): -Trimester Prenatal Care Began in the First Trimester Denominator(s): Total Births	
Ratio of population to primary care physicians	State (CA), County	Area Health Resource File/American Medical Association (2013)	County Health Rankings & Roadmaps (2016)	Primary care physicians	
Visited the dentist (ages 2-11)	State (CA), County, TSA, SSA, PSA, Zip code	**California Health Interview Survey-Neighborhood Edition - 2014**	**California Health Interview Survey-Neighborhood Edition - 2014**	**Visited dentist (2-11)**	Dental visits in the past year for children ages 2-11 who have teeth
Ratio of population to dentists	State (CA), County	Area Health Resource File/National Provider Identification file (2014)	County Health Rankings & Roadmaps (2016)	Dentists	
Ratio of population to mental health providers	State (CA), County	CMS-National Provider Identifier file (2015)	County Health Rankings & Roadmaps (2016)	Mental health providers	
Ratio of population to PCPs other than physicians	State (CA), County	CMS-National Provider Identifier file (2015)	County Health Rankings & Roadmaps (2016)	Other primary care providers	
Delay prescriptions or medical services (ages 0-17)	State (CA), County, TSA, SSA, PSA, Zip code	California Health Interview Survey-Neighborhood Edition - 2014	California Health Interview Survey-Neighborhood Edition - 2014	Delayed prescriptions/medical services (0-17)	Children or teens ages 0-17 delayed or not getting needed prescription drugs or medical services past 12 months.
Delay prescriptions or medical services (ages 18+)	State (CA), County, TSA, SSA, PSA, Zip code	California Health Interview Survey-Neighborhood Edition - 2014	California Health Interview Survey-Neighborhood Edition - 2014	Delayed prescriptions/medical services (18+)	Adults ages 18+ delayed or not getting needed prescription drugs or medical services past 12 months.
Preventable hospital stays	State (CA), County	Dartmouth Atlas of Health Care (2013)	County Health Rankings & Roadmaps (2016)	Preventable hospital stays	Number of hospital stays for ambulatory-care sensitive conditions per 1,000 Medicare enrollees.
Mammography screenings (ages 30+)	State (CA), County	California Health Interview Survey-2012	ask.chis.ucla.edu	Mammography screening history	Respondents were asked: "Have you EVER had a mammogram?", if yes, asked "How long ago did you have your most recent mammogram?" The question is asked only of women 30 years or older.
Mammography screenings, female Medicare enrollees (ages 67-69) (%)	State (CA), County	Dartmouth Atlas of Health Care (2013)	County Health Rankings & Roadmaps (2016)	Mammography screening	Percentage of female Medicare enrollees ages 67-69 that receive mammography screening.

#15

11 Cal. Code Reg. Section 999.5(d)(5)(B)

A description of all charity care provided in the last five years by each health facility that is a subject of the agreement or transaction

Attached to this Section 999.5(d)(5)(B) as **Exhibit 1** is a description of all charity care provided in the last five years by SMMC.

Exhibit 1 to Section 999.5(d)(5)(B)

Charity Care Schedule covering the period 7/1/18 to 6/30/19

St. Mary Medical Center

Organization	Project	Description	Amount
St. Mary Medical Center	Provided Acute Care Services to uninsured and underinsured population	Charity Cost	$ 6,993,092
Children's Hospital of Orange County (CHOC)	Increase access to Medical Services for the Underserved	Prior to SMMC obtaining CCS certification, we were having to transfer all CCS eligible NICU babies to hospitals out of the service area who were CCS Certified (Loma Linda, CHOC, etc.) in order for them to continue receiving care as we were NOT CCS Certified. We sought and obtained the CCS certification to provide this service in the community and to allow for these babies (and families) stay in the area to receive their care. Given our payer mix and market demographics, this was NOT beneficial from a financial perspective as we tend to lose $$ on > 90% of the babies treated in the NICU. Coverage period 07/18 – 01/2020	$ 1,188,941

Charity Care Schedule covering the period 7/1/17 to 6/30/18

St. Mary Medical Center

Organization	Project	Description	Amount
St. Mary Medical Center	Provided Acute Care Services to uninsured and underinsured population	Charity Cost	$ 4,749,468
CHOC Physician's Specialists	Increase Access to Care	Since 1964, CHOC Children's has been steadfastly committed to providing the highest quality medical care to children. Affiliated with the University of California, Irvine, its regional pediatric healthcare network includes a state-of- the-art 334-bed main hospital facility in the City of Orange, and a hospital-within- a-hospital in Mission Viejo. CHOC also offers many primary and specialty care clinics, more than 100 additional programs and services, a pediatric residency program, and four centers of excellence. Funds will be used to	$ 300,000

Organization	Project	Description	Amount
		expand access to Crippled Children's Services (CCS) Certified services for this vulnerable population in the High Desert Service Area by providing increased access to physician services in the NICU by CHOC physicians. CHOC Children's Specialists is a division of Children's Hospital of Orange County, a tax-exempt entity.	
St. Joseph Heritage Healthcare	Increase Access to Care	St. Joseph Heritage Healthcare, a tax-exempt entity, provides direct health care services, including acute health services to Medi-Cal and unfunded patients in the High Desert Service Area. Improving access and care coordination for vulnerable patients across the continuum of care.	$ 726,366
St. Mary Community Clinics	Increase Access to Care	St. Mary Community Health Clinics, operated by a tax-exempt entity, provide health services including primary care visits, nutrition/diabetes education and pre and post-natal care to the underserved residents of the high desert at three separate locations: Apple Valley- Health Beginnings; Adelanto- Adelanto Clinic; and Hesperia- Family Practice at Hesperia Community Health Center. One of the clinics' primary goals is to ensure women receive prenatal care during the first trimester of pregnancy. Among other services, certified nurse mid-wives provide patients with personal, family-centered care during pregnancy, delivery and post-delivery periods. The clinics primarily service Medi-Cal patients or women from low to moderate income families. The funds are intended to assist with the expansion of clinic services within the High Desert Service Area.	$ 1,447,043
St. John of God Health Care Services	Increase Access to Care	St. John of God Health Care Services, a tax-exempt entity, is the Region's only 90- day inpatient treatment program using 68 beds including a licensed daycare facility to care serving children of addicted mothers. Current waitlist is 30 days. Provide for expansion of these services in addition to additional IP capacity for mental health care.	$ 500,000
St. Mary Community Clinics - Mobile Vans	Increase Access to Care	Bright Futures Mobile Vans, operated by a tax-exempt, nonprofit entity, helps low and moderate income families get health care for women and children. The vans bring services to communities with Disproportionate Unmet Health Needs in Adelanto, Apple Valley, Hesperia, Lucerne Valley and Victorville. Services offered include physical examinations, cancer screenings, immunizations, TB screening, and diabetes screening, among others. The funds are intended to assist with the expansion of mobile van services in these communities.	$ 245,379

Charity Care Schedule covering the period 7/1/16 to 6/30/17

St. Mary Medical Center

Organization	Project	Description	Amount
St. Mary Medical Center	Provided Acute Care Services to uninsured and underinsured population	Charity Cost	$ 2,269,481
CHOC Physicians	Increase Access to Care	Since 1964, CHOC Children's has been steadfastly committed to providing the highest quality medical care to children. Affiliated with the University of California, Irvine, its regional pediatric healthcare network includes a state-of-the-art 334-bed main hospital facility in the City of Orange, and a hospital-within-a-hospital in Mission Viejo. CHOC also offers many primary and specialty care clinics, more than 100 additional programs and services, a pediatric residency program, and four centers of excellence. Funds will be used to expand access to Crippled Children's Services (CCS) Certified services for this vulnerable population in the High Desert Service Area by providing increased access to physician services in the NICU by CHOC physicians. CHOC Children's Specialists is a division of Children's Hospital of Orange County, a tax-exempt entity.	$ 300,000
St. Joseph Heritage Healthcare	Increase Access to Care	St. Joseph Heritage Healthcare, a tax-exempt entity, provides direct health care services, including acute health services to Medi-Cal and unfunded patients in the High Desert Service Area. Improving access and care coordination for vulnerable patients across the continuum ofcare.	$ 1,384,017
St. Mary Community Clinics - Mobile Vans	Increase Access to Care	Bright Futures Mobile Vans, operated by a tax-exempt, nonprofit entity, helps low and moderate income families get health care for women and children. The vans bring services to communities with Disproportionate Unmet Health Needs in Adelanto, Apple Valley, Hesperia, Lucerne Valley and Victorville. Services offered include physical examinations, cancer screenings, immunizations, TB screening, and diabetes screening, among others.	$ 897,481
St. John of God Health Care Services	Increase Access to Care	St. John of God Health Care Services is the Region's only 90-day inpatient treatment program using 68 beds including a licensed daycare facility to care serving children of addicted mothers. Current waitlist is 30 days. Provide for expansion of these services in addition to additional IP capacity for mental health care.	$ 1,000,000

Organization	Project	Description	Amount
St. Mary Community Clinics - Adelanto Clinic	Increase Access to Care	The Adelanto Clinic, operated by a tax-exempt entity, provides health services including primary care visits, nutrition/diabetes education and pre and post-natal care to the underserved residents of the high desert. One of the clinic's primary goals is to ensure women receive prenatal care during the first trimester of pregnancy. Among other services, certified nurse mid-wives provide patients with personal, family-centered care during pregnancy, delivery and post-delivery periods. The clinic primarily services Medi-Cal patients or women from low to moderate income families.	$ 545,965
St. Joseph Home Health	Increase Access to Care	St. Joseph Home Health, a tax-exempt entity, expands access to direct, in-home medical and health care services to the service area. Home health makes it possible for patients to receive quality personalized care in their home environment after a recent hospitalization. By working with the primary care physician, home health provides, RN, Therapists, Medical Social Workers and Certified Home Health Aides to care for underserved patients.	$ 864,813
Borrego Health Center	Increase Access to Dental Services	Borrego Health Center is a Federally Qualified Community Health Center (tax-exempt) offering family medical and peds through fixed and mobile clinics to Barstow residents. Provides funding to expand mobile services dental services to Victorville residents.	$ 500,000

Charity Care Schedule covering the period 7/1/15 to 6/30/16

St. Mary Medical Center

Organization	Project	Description	Amount
St. Mary Medical Center	Provided Acute Care Services to uninsured and underinsured population	Charity Cost	$2,165,374

Charity Care Schedule covering the period 7/1/14 to 6/30/15

St. Mary Medical Center

Organization	Project	Description	Amount
St. Mary Medical Center	Provided Acute Care Services to uninsured and underinsured population	Charity Cost	$ 3,445,316

#16

11 Cal. Code Reg. Section 999.5(d)(5)(C)

A description of all services provided by each health facility that is the subject of the transaction in the past five years to Medi-Cal patients, county indigent patients, and other classes of patients

SMMC is a licensed general acute care hospital that offers a full complement of acute medical care and community services. Below is a list of departments, units, areas, programs and services provided by SMMC in the past five years to Medi-Cal patients, county indigent patients, and other classes of patients:

Emergency Department	**Imaging Department**	**Social Services**
Peri-Operative Services	Radiology Services	**Care Management**
Post Anesthesia Care Unit	Mammography Services	**Food and Nutrition Services**
Patient Assessment Testing	Stereotactic Services	**Health Information Services**
Outpatient Surgery Pavilion	CT Scan(s)	**Patient Access Services**
GI Labs	MRI Services	**Medical Staff**
Sterile Processing Departments	Ultra Sound Services	**Palliative Care**
Cardiovascular/Vascular Service Line	Nuclear Medicine	**Pharmacy**
Cath Lab	Radiology Nurses	**Wound Care Clinic**
Cardio Neuro	**Laboratory Department**	
Cardiac Rehabilitation	Phlebotomy Services	
Adult Inpatient Care	Point of Care	*Mammography Discontinued
Intensive Care Units	Outpatient Lab (PAT)	*Cardiac Rehab Phases 2 & 3 Discontinued
Step-Down Unit	Pathology	
Telemetry Units	Histopathology	
Medical Surgical Units	Blood Bank	
Women & Children's Services	Chemistry	
Labor and Delivery	Hematology	
Post Partum Unit	Microbiology	
Neonatal Intensive Care Unit	**Respiratory Services**	
Pediatric Unit	Pulmonary Rehabilitation	
	Rehabilitation Services	
	Speech Therapy	
	Occupational Therapy	
	Physical Therapy	

#17

11 Cal. Code Reg. Section 999.5(d)(5)(D)

A description of any community benefit program provided by the health facility or facility that provides similar health care during the past five years with an annual cost of at least $10,000 and the annual cost of each program for the past five years

Attached to this Section 999.5(d)(5)(D) as **Exhibit 1** is a description of any community benefit program provided by SMMC during the past five years with an annual cost of at least $10,000.

Exhibit 1 to Section 999.5(d)(5)(D)

St. Mary Medical Center

Community Benefit Programs

Fiscal Year 2016

Category / Title / Department	Description of Program:	Benefit
Community Health Improvement Services (A)		
Education: Speaker's Bureau: Cardiovascular		$10,398.00
Communities of Excellence: Physical Activities	Grant - Department of Public Health, County of San Bernardino	$71,533.00
Education: Nutrition Counseling		$12,193.00
Education: Health/Safety Fair: Heart Health Screening & Education		$30,070.00
Support Services: Transportation: Caravan Services		$90,745.00
Support Services: Post-Acute Care for Homeless and Uninsured	Claims paid for uninsured and homeless patients AFTER leaving the hospital	$29,207.00
Cmty Bldng: Environmental Improvements: Healthy Cities	Advocacy for healthy policy at the city level	$22,662.00
Health Professions: Nursing Students		$341,062.00
Health Professions: Paramedic Students		$10,907.00
Health Professions: Respiratory Students		$15,915.00
Subsidized: Emergency and Trauma - Specialty Care	Specialty Claims paid to doctors for treating uninusured and homeless at hospital setting	$62,683.00
Subsidized: Bridges for Families	Family Resource Center	$183,646.00
Subsidized: Bright Futures Mobile Van	Mobile Van going to Apple Valley, Adelanto, Victorville and Hesperia	$928,909.00
Subsidized: Healthy Beginnings	Midwifery Program in Apple Valley	$2,758,845.00
Subsidized: Mother/Baby Assessment Center	Lactation Clinic - sees all mothers regardless of the hospital that they delivered	$146,312.00
Donations: Cash: 25% Net Income Transfer		$526,250.00
Donations: Community Grants: Care for the Poor		$50,487.00
Donations: In-Kind: Board: Apple Valley Corps	Board Membership to non-profit	$30,431.00
Cmty Bldng: Capacity Building: Mended Hearts Program	Cardiac Program where nurses trained patients to speak with patients on heart health	$21,230.00
Cmty Bldng: Advocacy: Mental Health		$30,162.00

Fiscal Year 2017

Communities of Excellence: Nutrition Education/Presentation	Grant - Department of Public Health, County of San Bernardino	$41,152.00
Communities of Excellence: Physical Activities	Grant - Department of Public Health, County of San Bernardino	$34,499.00
Education: Youth Wellness	Wellness program targeting 5th graders to increase physical activity and good nutrition knowledge	$59,884.00
Education: Health/Safety Fair: Heart Health Screening & Education		$17,502.00
Support Services: Transportation: Caravan Services		$103,481.00
Support Services: Post-Acute Care for Homeless and Uninsured	Claims paid for uninsured and homeless patients AFTER leaving the hospital	$104,573.00
Cmty Health Improvement: Social & Environmental: Healthy Cities	Advocacy for healthy policy at the city level	$28,999.00
Health Professions: Physicians/Medical Students		$18,919.00
Health Professions: Nursing Students		$231,535.00
Health Professions: Paramedic Students		$20,947.00
Health Professions: Surgical Students		$76,948.00
Subsidized: Emergency and Trauma - Specialty Care	Specialty Claims paid to doctors for treating uninusured and homeless at hospital setting	$41,308.00
Subsidized: Bridges Family Resource Center	Family Resource Center	$493,172.00
Subsidized: Bright Futures Mobile Van	Mobile Van going to Adelanto, Apple Valley, Hesperia and Victorville	$1,108,864.00
Subsidized: Healthy Beginnings	Midwifery Program in Adelanto, Apple Valley and Hesperia	$2,632,566.00

Category / Title / Department	Description of Program:	Benefit
Subsidized: Mother/Baby Assessment Center	Lactation Clinic - sees all mothers regardless of the hospital that they delivered	$138,211.00
Donations: Cash: 25% Net Income Transfer		$160,100.00
Donations: Equipment: Broader Community		$30,306.00
Cmty Bldng: Capacity Building: Mended Hearts Program	Cardiac Program where nurses trained patients to speak with patients on heart health	$15,798.00
Cmty Bldng: Advocacy: Mental Health		$43,973.00
Community Benefit Operations: Dedicated Staff		$183,310.00
Community Benefit Operations: Faith and Wellness		$17,436.00
Communities of Excellence: Administrative	Grant - Department of Public Health, County of San Bernardino	$62,841.00
F-5 - Administrative	Grant - First 5 San Bernardino	$22,276.00

Fiscal Year 2018

Communities of Excellence: Nutrition Education/Presentation	Grant - Department of Public Health, County of San Bernardino	$115,128.00
Communities of Excellence: Physical Activities	Grant - Department of Public Health, County of San Bernardino	$80,167.00
Education: Wellness for Youth	Wellness program targeting 5th graders to increase physical activity and good nutrition knowledge	$291,262.00
Support Services: Transportation: Caravan Services		$215,799.00
Support Services: Enrollment Assistance: Covered CA and Medical	Insurance Enrollment for Uninsured Adults and Childre	$143,719.00
Support Services: Post-Acute Care for Homeless and Uninsured	Claims paid for uninsured and homeless patients AFTER leaving the hospital	$673,867.00
Health Professions: Nursing Students		$96,295.00
Subsidized: Emergency and Trauma - Specialty Care	Specialty Claims paid to doctors for treating uninusured and homeless at hospital setting	$74,521.00
Subsidized: Bridges Family Resource Center	Family Resource Center	$874,136.00
Subsidized: Bright Futures Mobile Van	Mobile Van going to Adelanto, Apple Valley, Hesperia and Victorville	$1,078,221.00
Subsidized: Healthy Beginnings	Midwifery Program in Adelanto, Apple Valley and Hesperia	$2,844,605.00
Subsidized: Mother/Baby Assessment Center	Lactation Clinic - sees all mothers regardless of the hospital that they delivered	$637,468.00
Donations: Cash: 25% Net Income Transfer		$354,100.00
Cmty Bldng: Advocacy: Mental Health		$34,256.00
Community Benefit Operations: Dedicated Staff		$274,426.00
Communities of Excellence: Administrative	Grant - Department of Public Health, County of San Bernardino	$90,050.00
F-5 - Administrative	Grant - First 5 San Bernardino	$17,280.00

Fiscal Year 2019

830: CHIS: CHE: OBESITY PREVENTION: NUTRITION EDUC: PHYSICAL EDUC	Grant - Department of Public Health, County of San Bernardino	$198,532.00
CHIS: CHE: OBESITY PREVENTION: YOUTH	Wellness program targeting 5th graders to increase physical activity and good nutrition knowledge	$279,060.00
830: CHIS: HCSS: ACCESS: TRANSPORTATION		$492,304.00

Category / Title / Department	Description of Program:	Benefit
830: CHIS: HCSS: ACCESS-HC: POST ACUTE CARE	Claims paid for uninsured and homeless patients AFTER leaving the hospital	$1,132,126.00
830: CHIS: HCSS: ACCESS-HC: UNINSURED: SPECIALTY CLAIMS PAID	Specialty Claims paid to doctors for treating uninusured and homeless at hospital setting	$79,932.00
830: CHIS: HCSS: ACCESS-MH: COUNSELING: SOCIAL SERVICE COORD: BRID	Family Resource Center	$477,714.00
830: NON CB: INSURANCE ENROLLMENT: MEDI-CAL	Insurance Enrollment for Uninsured Adults and Childre	$141,216.00
830: SHS: HOS: ACESS-HC: MOBILE VAN: BRIGHT FUTURES	Mobile Van going to Adelanto, Apple Valley, Hesperia and Victorville	$706,096.00
830: SHS: WC: ACCESS-HC: MIDWIFERY: HEALTHY BEGINNINGS	Midwifery Program in Adelanto, Apple Valley and Hesperia	$2,941,442.00
830: SHS: WC: ACCESS-HC: NEWBORN AND MATERNAL HEALTH: LACTATION	Lactation Clinic - sees all mothers regardless of the hospital that they delivered	$423,130.00
830: CASH: ACCESS: DENTAL CARE		$500,000.00
830: CASH: ACCESS: MENTAL HEALTH		$1,505,000.00
CASH: ACCESS: ST JOSEPH HEALTH CPF_25% TRANSFER		$427,725.00
830: CBO: DS: Community Benefit Operations (System and Region)		$375,890.00

Fiscal Year 2020

830: CHIS: CHE: OBESITY PREVENTION: NUTRITION EDUC: PHYSICAL EDUC	Grant - Department of Public Health, County of San Bernardino	$69,046.00
830: CHIS: HCSS: ACCESS: TRANSPORTATION		$401,240.00
830: CHIS: HCSS: ACCESS-HC: POST ACUTE CARE	Claims paid for uninsured and homeless patients AFTER leaving the hospital	$975,012.00
830: CHIS: HCSS: ACCESS-HC: UNINSURED: SPECIALTY CLAIMS PAID	Specialty Claims paid to doctors for treating uninusured and homeless at hospital setting	$195,511.00
830: CHIS: HCSS: ACCESS-MH: COUNSELING: SOCIAL SERVICE COORD: BRID	Family Resource Center	$304,588.00
830: HPE: RN: ACCESS: NURSING STUDENTS		$95,559.00
830: SHS: HOS: ACESS-HC: MOBILE VAN: BRIGHT FUTURES	Mobile Van going to Adelanto, Apple Valley, Hesperia and Victorville	$82,717.00
830: SHS: WC: ACCESS-HC: MIDWIFERY: HEALTHY BEGINNINGS	Midwifery Program in Adelanto, Apple Valley and Hesperia	$512,573.00
830: SHS: WC: ACCESS-HC: NEWBORN AND MATERNAL HEALTH: LACTATION	Lactation Clinic - sees all mothers regardless of the hospital that they delivered	$249,100.00
830: SHS: OTHER: ACCESS: CANCER		$38,043.00
830: GRANTS: ACCESS: MH: PC: FQHC	Grant funds to support the FQHC	$697,715.00
830: GRANTS: HOMELESS INITIATIVE	Grant funds supporting local homeless shelter	$25,000.00
830: INKIND: FOOD INSECURITY: FOOD DONATION	Thanksgiving Turkeys, etc.	$12,169.00
830: CBO: DS: Community Benefit Operations (System and Region)		$275,972.00

#18

11 Cal. Code Reg. Section 999.5(d)(5)(E)

For each health facility that is the subject of the agreement or transaction, a description of the current policies and procedures regarding staffing for patient care areas; employee input on health quality and staffing issues; and employee wages, salaries, benefits, working conditions and employment protections

Staffing for Patient Care Areas and Employee Input on Health Quality and Staffing Issues

SMMC has established policies and procedures to ensure that its medical staff and multidisciplinary patient care teams provide care to its patients that is appropriate, individualized, and planned along a continuum of care. Each department has a formalized staffing plan, which is reviewed at least annually based on a variety of criteria, such as performance assessment and improvement activities and mandated staffing ratios and patient acuity. These policies are:

- Staffing Plan
- Staffing Scheduling Floating Cancellation of Staff
- Extra Shift Differential
- Agency Personnel
- Acuity Patient Classification System
- Assignment of Patient Care

Employee Wages, Salaries, Benefits, Working Conditions and Employment Protections

SMMC has the following established human resource policies and procedures that address employee wages, salaries, benefits, working conditions and employment protections:

- Attendance
- Background Check and Excluded Provider
- Bereavement
- Blood and Body Fluid Exposure
- California Healthy Workplaces Health Families Act
- Caregiver Internal Transfers
- Communication Disease Management
- Confidentiality
- Disciplinary Action
- Dispute Resolution
- Dress and Appearance
- Driving
- Employment of Relatives
- Equal Employment Opportunity
- Fair Labor Standards Act (FLSA) and State Law Basis
- Fitness for Duty
- Harassment Discrimination Retaliation

- Holidays
- Influenza Vaccination Program
- Injury and Illness Prevention Program
- Introductory Period
- Jury Duty Witness Duty, Time Off for Voting
- Kin Care
- Lactation Accommodation
- Leave of Absence – Educational
- Leave of Absence – Family and Medical Leaves and Other Leaves
- Leave of Absence – Military
- Leave of Absence – Personal
- License and Certification
- Mandatory Education
- Meal and Rest
- Off-Duty Caregiver Access
- Paid Parental Leave
- Paid Time Off (PTO) for Benefits Eligible Caregivers
- Pre-Employment Health Screening
- PTO Disaster Donations to Charities
- Reasonable Accommodation

#19

11 Cal. Code Reg. Section 999.5(d)(5)(F)

For each health facility that is the subject of the agreement or transaction, all existing documents setting forth any guarantees made by any entity that would be taking over operation or control of the health facilities subject to the transaction relating to employee job security and retraining, or the continuation of current staffing levels and policies, employee wages, salaries, benefits, working conditions and employment protections

The Management Services Agreement indicates that SMMC will continue to provide the Hospital's personnel without any change to the employment status or benefits of any individual who currently provides services on behalf of the Hospital, which will result in a very fluid transition of the Hospital's operations from SMMC to the LLC.

In furtherance of the foregoing, the Operating Agreement makes clear that the Transaction will not cause a change to the employment of any individual currently employed by SMMC or any of its affiliates who provide services on behalf of the Hospital.

#20

11 Cal. Code Reg. Section 999.5(d)(5)(G)

If the agreement or transaction will have any impact on reproductive health care services provided by any facility that is the subject of the agreement or transaction, or any impact on the availability or accessibility of reproductive health care services, a description of all reproductive health care services provided in the last five years by each health facility or facility that provides similar health care that is the subject of the agreement or transaction

The Transaction is not expected to have any impact on reproductive healthcare services provided by any facility that is the subject of the Transaction.

#21

11 Cal. Code Reg. Section 999.5(d)(5)(H)

A statement describing all effects that the proposed agreement or transaction may have on health care services provided by each facility proposed to be transferred including, but not limited to, any changes in the types or levels of medical services that may be provided at the health facility or facility that provides similar health care and a statement of how the proposed transaction may affect the availability and accessibility of health care in the affected communities

The Transaction is not anticipated to have any adverse impact on the availability or accessibility of health care services to the affected community. The Transaction, which includes a long term financial commitment for the construction of a new seismically compliant, state-of-the-art replacement facility for the Hospital, is expected to have a substantially positive effect on the quality of health care services to the communities serviced by the LLC and materially improve the availability and accessibility of heath care in the affected communities.

#22

11 Cal. Code Reg. Section 999.5(d)(5)(I)

Description and copy of all current contracts between the applicant and the city in which the applicant is located and current contracts between the applicant and the county in which the applicant is located for each health facility or facility that provides similar health care that are the subject of the agreement or transaction

The following agreements are responsive to this Section 999.5(d)(5)(I):

1. 340B Drug Pricing Program Memorandum of Understanding, dated March 27, 2018, between Providence St. Joseph Health, St. Mary Medical Center and Town of Apple Valley, for the Hospital's commitment to the provision of healthcare to indigent, uninsured and underinsured residents of the town in connection with the Hospital's participation in the 340B Drug Pricing Program. A copy of the agreement is attached as **Exhibit 1** to this Section 999.5(d)(5)(I).

2. Clinical Training Affiliation Agreement (without School Instructor on Hospital Premises), dated July 24, 2019, between St. Mary Medical Center and Apple Valley Unified School District, for the participation of school district students in clinical training programs established within the Hospital. A copy of the agreement is attached as **Exhibit 2** to this Section 999.5(d)(5)(I).

3. Affiliation Agreement (without School Instructor on Hospital Premises), dated July 1, 2018, between St. Mary Medical Center and Apple Valley Unified School District, for the participation of school district students in support service programs (Workforce Innovation and Opportunity Act Youth Employment & Training Program) established within the Hospital. A copy of the agreement is attached as **Exhibit 3** to this Section 999.5(d)(5)(I).

4. Memorandum of Understanding, dated March 4, 2014, between St. Mary Medical Center and Inland Counties Emergency Medical Agency, for the Hospital's participation in the Hospital Preparedness Program. A copy of the agreement is attached as **Exhibit 4** to this Section 999.5(d)(5)(I).

5. Contract No. 20.527, dated July 1, 2020, between St. Mary Medical Center and Inland Counties Emergency Medical Agency, for the designation of the Hospital as an ST Elevation Myocardial Infarction (STEMI) receiving center. A copy of the agreement is attached as **Exhibit 5** to this Section 999.5(d)(5)(I).

6. Contract No. 20.541, dated July 1, 2020, between St. Mary Medical Center and Inland Counties Emergency Medical Agency, for the designation of the Hospital as a primary stroke receiving center. A copy of the agreement is attached as **Exhibit 6** to this Section 999.5(d)(5)(I).

7. Agreement for Consultant Services, dated October 1, 2019, between St. Mary Medical Center and Oro Grande Elementary School District, for the provision of community flu

shots by the Hospital. A copy of the agreement is attached as **Exhibit 7** to this Section 999.5(d)(5)(I).

8. Contract No. 19-268, dated April 30, 2019, between St. Mary Medical Center and the County of San Bernardino, for the provision of Homeless Emergency Aid Program (HEAP) Hospital Homeless Assistance Program services by the Hospital. A copy of the agreement is attached as **Exhibit 8** to this Section 999.5(d)(5)(I).

9. Memorandum of Understanding, dated June 3, 2019, between St. Mary Medical Center and the County of San Bernardino, for the use of the Homeless Management Information System to capture information regarding county persons served by the parties in connection with HEAP Hospital Homeless Assistance Program services. A copy of the agreement is attached as **Exhibit 9** to this Section 999.5(d)(5)(I).

10. Contract No. 17-763, dated September 26, 2017, between St. Mary Medical Center and the County of San Bernardino Department of Behavioral Health, for the provision of dedicated office space within the Hospital emergency department for services provided by the county's Triage, Engagement and Support Teams (TEST) staff. A copy of the agreement is attached as **Exhibit 10** to this Section 999.5(d)(5)(I).

11. Contract No. 18-105, dated March 13, 2018, between St. Mary Medical Center and the County of San Bernardino on behalf of Arrowhead Regional Medical Center, for the reciprocal transfer of patients who require higher levels of care. A copy of the agreement is attached as **Exhibit 11** to this Section 999.5(d)(5)(I).

12. Letter re: San Bernardino County Probation Department's Payment Policy and Procedures for Medical Treatment for Juveniles, dated June 28, 2004, by the County of San Bernardino to St. Mary Medical Center, for the payment policies and procedures regarding care rendered to pre-booking juveniles and juveniles inmates by the Hospital. A copy of the agreement is attached as **Exhibit 12** to this Section 999.5(d)(5)(I).

Exhibit 1 to Section 999.5(d)(5)(I)

Effective March 27, 2018
Expires upon 60 days notice

Providence St. Joseph Health St. Mary Medical Center

340B DRUG PRICING PROGRAM

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING ("MOU') is made this 27th day of March, 2018, between the undersigned representatives of the Town of Apple Valley, a State municipal corporation (hereinafter referred to as "Town"), located at 14955 Dale Evans Parkway, Apple Valley, California, 92307 and Providence St Joseph Health, St. Mary Medical Center (hereinafter referred to as "HOSPITAL"), a non-profit corporation organized and existing under the laws of the State of California, located at 18300 Highway 18 Apple Valley, California, 92307.

RECITALS:

WHEREAS, Hospital is a California not-for-profit hospital that provides healthcare services to the Medicare and Medicaid populations in addition to supporting many programs that benefit the indigent, uninsured or underinsured population in Apple Valley, CA and surrounding communities;

WHEREAS, Hospital desires to make such formal commitment to Town; and

WHEREAS, Town agrees to accept such commitment on behalf of the citizens of Town, State and surrounding communities.

NOW, THEREFORE, in consideration of the mutual agreements and covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, it is mutually agreed by and between the parties of this MOU, as follows:

1. COMMITMENT OF HOSPITAL TO PROVIDE INDIGENT CARE: During the term of this MOU, Hospital agrees to continue its historical commitment to the provision of healthcare to indigent, uninsured and underinsured residents by adhering to the Hospital's charity policy. Pursuant to its commitment to continue to provide indigent care, it is Hospital's intention that indigent care provided during the term of this MOU will be consistent with its historical commitment. In any event, Hospital will ensure that all patients presenting to its Emergency Department continue to receive necessary care, as required by law, regardless of ability to pay.

2. ACCEPTANCE AND ACKNOWLEDGMENTS OF TOWN:

(a) Town accepts the commitment of Hospital set forth above;

(b) Town hereby acknowledges that the healthcare services provided by Hospital hereunder are in the public interest and are being provided to individuals who are not entitled to benefits under Title XVIII of the Social Security Act or eligible for assistance under any State plan pursuant to Title XIX of the Social Security Act; and

(c) Town acknowledges that Hospital is providing these services at no

reimbursement or for considerably less than full reimbursement from the patients.

3. REPRESENTING OF HOSPITAL: Hospital represents that as of the date hereof:

(a) Hospital constitutes a separately licensed facility that is owned and operated by Providence St. Joseph Health, a nonprofit corporation duly organized and validly existing in good standing under the laws of the State of California, with the corporate power and authority to enter into and perform its obligations under this MOU; and

(b) Hospital is a tax-exempt corporation under Section *501* (c)(3) of the Internal Revenue Code of the United States, as amended, and under applicable laws of the State of California.

4. TERM AND TERMINATION: The term of this MOU shall commence on the date set forth above and shall continue until terminated by either party upon not less than sixty (60) days prior written notice to the other.

5. NOTICE: All notices required or permitted to be given under this MOU shall be deemed given when delivered by hand or sent by registered or certified mail, return receipt requested, addressed as follows:

SENT TO TOWN: Town of Apple Valley
Douglas B. Robertson, Town Manager
14975 Dale Evans Parkway, Apple Valley, CA 92307

WITH COPY TO: Town of Apple Valley
Town Clerk's Office
14955 Dale Evans Parkway, Apple Valley, CA 92307

SENT TO HOSPITAL: Providence St. Joseph Health, St. Mary
Alan Garrett, President & CEO
18300 Highway 18, Apple Valley, CA 92307

WITH COPY TO: Providence St. Joseph Health, St. Mary
Tracey Fernandez, Chief Financial Officer
18300 Highway 18, Apple Valley, CA 92307

6. GOVERNING LAW: This MOU shall be governed and construed in accordance with the laws of the State of California (excepting any conflict of laws/provisions which would serve to defeat application of California substantive law).

IN WITNESS THEREOF, Hospital and Town of California have executed this MOU on the day and year first written above by their duly authorized representatives.

WITNESS:

Town of Apple Valley

_____ By _____

Douglas B. Robertson
Town Manager

WITNESS:

Katie R. Wiltz

Providence St. Joseph Health, St. Mary

By Marilyn Drone

~~Alan Garrett~~ Marilyn Drone
~~President & CEO~~ Executive VP, CNO/COO

RESOLUTION NO. 2018-08

A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF APPLE VALLEY, CALIFORNIA, APPROVING A MEMORANDUM OF UNDERSTANDING (MOU) BETWEEN THE TOWN OF APPLE VALLEY AND PROVIDENCE ST. JOSEPH HEALTH ST. MARY MEDICAL CENTER REGARDING ITS PARTICIPATION IN THE PUBLIC HEALTH SERVICES ACT 340B PROGRAM; AUTHORIZING THE TOWN MANAGER TO EXECUTE SAID MOU ON BEHALF OF THE TOWN AND TO UNDERTAKE SUCH TASKS AND EXECUTE SUCH DOCUMENTS AS MAY BE REQUIRED TO IMPLEMENT THE TERMS OF SAID MOU; AND SETTING FORTH OTHER DETAILS RELATED THERETO

WHEREAS, Providence St. Joseph Health St. Mary Medical Center (St. Mary's) is a private not-for-profit hospital that has represented to the Town that it provides a disproportionate share of healthcare services to the Medicaid population in addition to supporting programs that benefit the indigent, uninsured or underinsured population in the State of California; and

WHEREAS, St. Mary's is desirous of participating in the drug discount program established under Section 340B of the Public Health Services Act (the "**340B Program**"); and

WHEREAS, in order to participate in the 340B Program, St. Mary's must enter into an agreement with a unit of the local government pursuant to which St. Mary's commits to provide health care services to low-income individuals who are neither entitled to benefits under Title XVIII of the Social Security Act nor eligible for assistance under the State plan of Title XIX under this act; and

WHEREAS, St. Mary's desires to make such a formal commitment to the Town and the Town is amenable to receive such commitment on behalf of the citizens of Town; and

WHEREAS, St. Mary's and the Town have entered into a Memorandum of Understanding (MOU), setting forth their understandings and agreements in regard to such commitment.

NOW, THEREFORE, BE IT RESOLVED WITH THE TOWN COUNCIL AS FOLLOWS:

1. The Memorandum of Understanding between the Town of Apple Valley and Providence St. Joseph Health St. Mary Medical Center, a copy of which is attached hereto and incorporated herein by this reference, is hereby approved.

2. The Town Manager is authorized to execute said Memorandum of Understanding on behalf of the Town and the Town Clerk to attest thereto.

3. The Town Manager is further authorized to undertake such tasks and execute such documents as may be required to implement the terms of the Memorandum of Understanding.

APPROVED and **ADOPTED** by the Town Council of the Town of Apple Valley this 27th day of March 2018

Art Bishop, Mayor

ATTEST:

La Vonda M-Pearson, Town Clerk

Town of Apple Valley
Resolution No. 2018-08

STATE OF CALIFORNIA

COUNTY OF SAN BERNARDINO

TOWN OF APPLE VALLEY

I, LA VONDA M-PEARSON, Town Clerk for the Town of Apple Valley, Apple Valley, California, do hereby certify that Resolution No. 2018-08, duly and regularly adopted by the Town Council at a meeting thereof held on the 27th day of March, 2018 by the following vote:

AYES: Council Members Emick, Nassif, Stanton, Mayor Bishop.

NOES: None.

ABSTAIN: None.

ABSENT: Mayor Pro Tem Cusack

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of the Town of Apple Valley, California, this 28th day of March, 2018.

LA VONDA M-PEARSON, CMC
TOWN CLERK

By: _____
Yvonne Rivera, Deputy

(SEAL)

Town of Apple Valley

TOWN OF APPLE VALLEY
TOWN COUNCIL STAFF REPORT

To: Honorable Mayor and Town Council **Date: March 27, 2018**

From: Douglas B. Robertson, Town Manager **Item No:** ____

Subject: ADOPT RESOLUTION NO. 2018- A RESOLUTION OF THE TOWN COUNCIL OF THE TOWN OF APPLE VALLEY APPROVING A MEMORANDUM OF UNDERSTANDING (MOU) BETWEEN THE TOWN OF APPLE VALLEY AND PROVIDENCE ST. JOSEPH HEALTH ST. MARY MEDICAL CENTER REGARDING ITS PARTICIPATION IN THE PUBLIC HEALTH SERVICES ACT 340B PROGRAM.

T.M. Approval:_____ **Budgeted Item:** ☐ Yes ☐ No ☒ N/A

RECOMMENDED ACTION:

That the Town Council adopt Resolution No. 2018- , A Resolution of the Town Council of the Town of Apple Valley Approving a Memorandum of Understanding (MOU) Between the Town of Apple Valley and Providence St. Joseph Health St. Mary Medical Center Regarding its Participation in the Public Health Services Act 340B Program; Authorizing the Town Manager to Execute Said MOU On Behalf of the Town and to Undertake Such Tasks and Execute Such Documents As May Be Required to Implement the Terms of Said MOU; and Setting Forth Other Details Related Thereto.

SUMMARY:

Providence St. Joseph Health St. Mary Medical Center (St. Mary) is a private not-for-profit hospital that has represented to the Town that it provides a disproportionate share of healthcare services to the Medicaid population, in addition to supporting programs that benefit the indigent, uninsured or underinsured population in the State of California. As a benefit to the community, St. Mary would like to participate in the 340B Drug Pricing Program that offers discounted prices on covered outpatient drugs. To participate in the 340B Program, St. Mary must enter into an agreement with the Town of Apple Valley stating its commitment to provide health care services to low-income individuals who are neither entitled to benefits under Title XVIII of the Social Security Act nor eligible for assistance under the State plan of Title XIX under this act.

BACKGROUND:

The 340B Drug Pricing Program allows certain hospitals and other health care providers ("covered entities") to obtain discounted prices on "covered outpatient drugs" (prescription drugs and biologics other than vaccines) from drug manufacturers. Manufacturers must offer 340B discounts to covered entities to have their drugs covered under Medicaid. The Health Resources and Services Administration (HRSA), which manages the program, estimates that covered entities have historically saved $3.8 billion on outpatient drugs through the program. According to HRSA,

the intent of the 340B program is to allow certain providers to stretch scarce federal resources as far as possible to provide more care to more patients.

To be eligible for 340B discounted prices, a covered outpatient drug must be provided by a covered entity to its patients. Several types of hospitals as well as clinics that receive certain federal grants from the Department of Health and Human Services may enroll in the program as covered entities. Eligible hospitals include Disproportionate Share Hospitals (DSH), Critical Access Hospitals (CAH), rural referral centers, sole community hospitals, children's hospitals, and freestanding cancer hospitals. Each eligible hospital must be owned by a state or local government, be a public or nonprofit hospital that is formally delegated governmental powers by a state or local government, or be a nonprofit hospital under contract with a state or local government to provide services to low-income patients who are not eligible for Medicare or Medicaid.

To participate in the program, a Memorandum of Understanding (MOU) is needed solidying the commitment of St. Mary to providing healthcare to indigent, uninsured and underinsured residents and the Town's acknowledgement that the healthcare services provided by St. Mary are in the public interest and are being provided to individuals who are not entitled to benefits under Title XVIII of the Social Security Act or eligible for assistance under any State plan pursuant to Title XIX of the Social Security Act. The Town further acknowledges that St. Mary is providing these services at no reimbursement or for considerably less than full reimbursement from its patients.

Based on the foregoing, staff recommends adoption of the form motion.

FISCAL IMPACT:

None

ATTACHMENT:

Memorandum of Understanding

Exhibit 2 to Section 999.5(d)(5)(I)

Vendor: Apple Valley Unified School District
(Clinical Affiliation - Students)

■ New Agreement **OR** □ Existing Agreement (attach most recent annual contract evaluation)

Type of Agreement:

■ Clinical Affiliation	□ Physician	□ Transfer
□ Service	□ Software	□ Staffing
□ Consulting	□ Lease	□ Equipment

□ Other: _____

Effective Date: ~~July 1, 2019~~ July 24, 2019

Expiration Date: ~~June 30, 2022~~ July 23, 2022

St. Joseph Health
St. Mary

CONTRACT COVER SHEET

Justification (why is this contract needed?):
To allow individual Apple Valley Unified School District students the opportunity to learn in a clinical setting.

What is the cost impact of this contract? How did you calculate this amount?: Not applicable

Documentation attached:

■ OIG Query
http://exclusions.oig.hhs.gov/
■ GSA Query
(https://www.sam.gov/portal/public/SAM/#1)
□ Business Associate Agreement
(not required for Clinical Affiliation Agreements)
□ Conflict of Interest Statement Attached?

SJHS Legal Review?

■ Template
□ e-mail attached
□ N/A

Does director have invoice sign-off authority up to authorized amount?

□ Yes ■ No Not Applicable

Is annual contract evaluation required?

□ Yes ■ No

QA/PI (PIAC) Reporting:
If one or more of the following criteria are checked, QA PI reporting is required and the attached document must be integrated at time of evaluation.

□ Indirect Patient Contact Not Applicable
□ Direct Patient Contact

Physician Agreements:
Is Fair Market Value within the 25th to 75th percentile? *(If no, Board approval is required)*

□ Yes □ No ■ N/A

Date of Board approval: Not Applicable

□ Documentation of Need attached

Reviewed by:

Katie W 7-7-19
Reviewed by Department Director (Signature) Date

7/18/19
Reviewed by Vice President (Signature) Date

Does this agreement include staff not employed by SMMC? ■ Yes* □ No
** If yes, agreement must be referred to Vice President of Human Resources for review*

Jean Holtman 7/18/19
Reviewed by Vice President, Human Resources (Signature) Date

Are other departments involved? ■ Yes* □ No **(Nursing/Ancillary)**
** If yes, agreement must be referred to involved department Vice President for review*

See Marilyn Drone - above
Reviewed by Vice President (Signature) Date

N/A
VP, Strategic Services (Signature) for physician contracts only Date

Tracey F 7/19/19
Reviewed by CFO (Signature) Date

See below
Reviewed by COO (Signature) Date

(only physician contracts require CEO review/signature)

7/24/19
Reviewed by CEO (Signature) Date

Copies sent to:

Finance Department Tracey Fernandez
Department Director Katie Weinberg
Vice President Marilyn Drone
Other Jean Holtman

CLINICAL TRAINING
AFFILIATION AGREEMENT

(Without School Instructor on Hospital Premises)

This Clinical Training Affiliation Agreement ("Agreement") is made and entered into as of the later of July 1, 2019 or the execution of the Agreement by both parties (the "Effective Date") by and between St. Mary Medical Center ("Hospital"), and Apple Valley Unified School District ("School").

RECITALS

A. Hospital is a California nonprofit public benefit corporation that operates a general acute care hospital accredited in accordance with the standards of the Joint Commission and licensed by the California Department of Public Health.

B School is an institution of higher learning authorized pursuant to California law to offer health care program(s) and to maintain classes and such program(s) at hospitals for the purpose of providing clinical training for students in such classes.

C Hospital operates clinical facilities within Hospital which are suitable for School's clinical training programs ("the Program(s)") in the area of Apple Valley Unified School District students. School desires to establish the Program(s) at Hospital for the students of the School enrolled in the Program(s). Hospital desires to support the Program(s) to assist in training students of School.

D. The purpose of this Agreement is to set forth the terms and conditions pursuant to which the parties will institute the Program(s) at Hospital.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and promises set forth herein and for such other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. RESPONSIBILITIES OF SCHOOL

1.1 Academic Responsibility. School shall develop the Program(s) curriculum and shall be responsible for offering a health care education Program eligible, if necessary, for accreditation and approval by any state board or agency.

1.2 Number of Students. School shall designate and notify Hospital of the students who are enrolled and in good standing in the Program(s) to be assigned for clinical training at Hospital in such numbers as are mutually agreed upon between Hospital and School. School and Hospital will also mutually agree to the dates and length of the Program(s).

1.3 Orientation. School shall provide orientation to all students and ensure that all students receive clinical instruction and have necessary basic skills prior to the clinical experience at Hospital.

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1.5 Documentation. School shall maintain all attendance and academic records of students participating in the Program(s). School shall implement and maintain an evaluation process of the students' progress throughout the Program(s).

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1.7 Health Clearance. School shall ensure that each Student complies with Hospital's requirements for immunizations, tests, and required education including but not limited to: (a) an annual health examination, (b) Proof of TB skin test (Mantoux) within previous 12 months, repeated annually, If known skin test positive, baseline chest x-ray, annual symptom screen and repeat CXR if annual symptom review is positive. (c) Proof of immunization or immune titers to Rubeola, Rubella and Varicella, (d) proof of Tetanus, Diptheria, and Acellular Pertussis (Tdap) immunization, (e) proof of Hepatitis B vaccine, and (f) proof of annual Influenza vaccination, or declination statement for (b)-(f). School shall provide (a) proof of Aerosol Transmissible Disease (ATD) training on placement and at least annually including elements required by the Cal/OSHA ATD Standard, and (b) proof of Bloodborne Pathogen training prior to a Student's first clinical day and at least annually thereafter including elements required by the Cal/OSHA Bloodborne Pathogen Standard.

1.8 Hospital Policies and Procedures. School shall ensure that each student is aware of and understands all applicable Hospital policies and procedures and shall require each student to conform to all such Hospital policies, procedures, regulations, standards for health, safety, cooperation, ethical behavior, and any additional requirements and restrictions agreed upon by representatives of Hospital and School. School shall instruct students that they are not permitted to interfere with the activity or judgment of the health care providers at Hospital in administering care to patients in the context of training.

1.9 Supplies and Equipment. School shall provide and be responsible for the care and control of educational supplies, materials, and equipment used for instruction during the Program(s). School shall also be responsible, as between Hospital and School, for the cost of travel expenses and transportation, if any, incurred by students as a result of the Program(s).

1.10 Confidentiality. School shall instruct students regarding confidentiality of patient information, including compliance with and legal obligations pursuant to the Health Insurance Portability and Accountability Act of 1996, and the implementation regulations thereunder. No student shall have access to or have the right to review any medical record or quality assurance or peer review information except where necessary in the regular course of the Program(s). School shall ensure that all students maintain the confidentiality of any and all patient and other information received in the course of the Program(s). Further, School shall ensure that students do not discuss, transmit, or narrate in any form any patient information of a personal nature, medical or otherwise, except as a necessary part of the patient's treatment plan or the Program(s).

1.11 Insurance. School shall ensure that all students maintain professional liability insurance coverage (either independently or as an additional insured on School's policy) at a minimum of One Million Dollars ($1,000,000) per occurrence and Three Million Dollars ($3,000,000) in aggregate throughout the course of this Agreement. Further, School agrees to maintain professional and comprehensive general liability insurance at a minimum of One Million Dollars ($1,000,000) per occurrence and Three Million Dollars ($3,000,000) in aggregate throughout the course of this Agreement. Further, School shall ensure that such policies provide for notification to Hospital at least thirty (30) days in advance of any material modification or cancellation of such

coverage. School also agrees to maintain statutory Workers' Compensation coverage on any individuals characterized as employees of School working at Hospital pursuant to this Agreement at all times during the course of this Agreement. School shall provide certificates evidencing all coverage referred to in this section within thirty (30) days of execution of this Agreement and thereafter, on an annual basis except that, with respect to students, such evidence will be provided prior to the date when any new student commences participation in the Program(s).

1.12 Indemnification. Except as otherwise may be provided in this Agreement, each party shall indemnify, hold harmless and defend the other party from any and all loss, liability, claim, lawsuit, injury, expense or damage whatsoever including but not limited to attorneys' fees and court costs, arising out of, incident to or in any manner occasioned by the performance or nonperformance by such indemnifying party, its agents, employees, servants, students, or subcontractors, of any covenant or condition of this Agreement or by the negligence, improper conduct or intentional acts or omissions of such indemnifying parties, its agents, employees, servants, students, or subcontractors.

1.13 Accreditation. School shall at all times during the course of this Agreement be licensed or qualified to offer the Program(s) to students.

2. RESPONSIBILITIES OF HOSPITAL

2.1 Access. Hospital shall permit nonexclusive access to the Program(s) to those students designated by School as eligible for participation in the Program(s) at Hospital provided such access does not unreasonably interfere with the regular activities at Hospital. Hospital agrees to provide qualified students with access to clinical areas and patient care opportunities as appropriate to the level of understanding and education of such students and as appropriate to the provision of quality care and privacy of Hospital patients.

2.2 Implementation of Program(s). Hospital agrees to cooperate with and assist in the planning and implementation of the Program(s) at Hospital for the benefit of students from School.

2.3 Instruction. Hospital shall instruct students in their clinical training at Hospital with the supervision of a fully licensed professional, if applicable, relevant to the students' specific course of clinical training.

2.4 Accreditation. Hospital shall maintain Hospital so that it conforms to the requirements of the California Department of Public Health and the Joint Commission.

2.5 Patient Care. Pursuant to the California Code of Regulations ("CCR"), Title 22, Section 70713, School understands and agrees that Hospital, with its Medical Staff, retains professional and administrative responsibility for Services rendered to Hospital patients. Further, School and students shall conduct their respective activities hereunder consistent with relevant law and regulation, the Medical Staff Bylaws, the Medical Staff Rules and Regulations, Hospital policy and procedures, Emergency Medical Treatment and Active Labor Act ("EMTALA"), Title 22, the standards and requirements under the Joint Commission, professional standards, Hospital philosophy and values and the Ethical and Religious Directives for Catholic Health Facilities. The parties understand and agree that this provision is intended to fulfill requirements of the Joint Commission and state law and is not intended to modify the independent contractor relationship nor indemnification requirements between the parties herein.

2.6 Space and Storage. At Hospital's discretion, it will provide students with classroom space within Hospital and an acceptable amount of storage space for School's instructional materials for use in the Program(s), subject to reasonable availability.

2.7 Removal of Students. Hospital shall have the absolute right to determine who will administer care to its patients. In the event that any student, in the sole discretion of Hospital, fails to perform satisfactorily, fails to follow Hospital policies, procedures and regulations, or fails to meet Hospital standards for health, safety, security, cooperation or ethical behavior, Hospital shall have the right to request that School withdraw the student from the Program(s). School shall comply with Hospital's request within five (5) days of receipt of notice from Hospital. Notwithstanding the foregoing, in the event of any emergency or if any student represents a threat to patient safety or personnel, Hospital may immediately exclude any student from Hospital until final resolution of the matter with School.

2.8 Documentation. Hospital agrees to make available to qualified students of School a copy of its policies and procedures, rules and regulations, and other relevant information in order that students obtain the benefit of such documentation and in order that students comply with such policies and rules. Such copy is available at Hospital's facility for review.

2.9 First Aid. Hospital shall be available to provide necessary emergency health care or first aid, within its capacity, to students participating in the Program(s). Any emergency health care or first aid provided by Hospital shall be billed to the student or School at Hospital's normal billing rate for private-pay patients. Except as herein provided, Hospital shall have no obligation to furnish medical or surgical care to any student.

2.10 Statement of Adequate Staffing. Hospital acknowledges that it has adequate staffing and that students participating in the Program(s) shall not be substituted for nursing staff necessary for reasonable staffing coverage.

2.11 Authority. Hospital shall maintain at all times full authority over and responsibility for care of its patients and may intervene and/or redirect students when appropriate or necessary.

3. RELATIONSHIP OF THE PARTIES

3.1 Term. The term of this Agreement shall commence as of the Effective Date and shall continue for three (3) year(s) unless terminated sooner as provided herein.

3.2 Termination. Either party may terminate this Agreement at any time and for any reason upon at least thirty (30) days prior written notice to the other party. To the extent reasonably possible, Hospital will attempt to limit its termination of this Agreement without cause so as to allow the completion of student training for the then current academic year by any student who, at the date of mailing of said notice by Hospital, was satisfactorily participating in the Program(s).

3.3 Independent Contractor. In the performance of the obligations under this Agreement, it is mutually understood and agreed that School is at all times acting and performing as an independent contractor. Nothing in this Agreement is intended nor shall be construed to create between Hospital and School an employer/employee relationship, a joint venture relationship, or a lease or landlord/tenant relationship. Students shall maintain the status of learners and neither this Agreement nor any acts pursuant to it shall be deemed to create an employment or agency relationship between Hospital and any student. Therefore, the parties understand and agree that Hospital is not responsible in any way, directly or indirectly, for any employment-related benefits for students. Such benefits not covered include but are not limited to, salaries, vacation time, sick leave, Workers' Compensation, and health benefits. The sole interest of Hospital is to assure that services to its patients are performed in a competent and satisfactory manner. No relationship of employer and employee is created by this Agreement, and neither School nor any student enrolled in School's Program(s), whether as a shareholder, partner, employee, independent contractor, subcontractor or otherwise, shall have any claim under this Agreement or otherwise against Hospital for vacation pay, sick leave, retirement benefits, Social

Security, Workers' Compensation, disability or unemployment benefits. School shall indemnify and hold harmless Hospital from any and all liability for fees, compensation, wages and benefits of itself or its students, and from taxes on business income and other costs and expenses of an employer that Hospital would incur if, contrary to the parties' intention, School or its students are determined to be employees of Hospital.

3.4 Role of Students. It is not the intention of School or Hospital that any student occupy the position of third-party beneficiary of any obligations assumed by Hospital or School pursuant to this Agreement.

3.5 Publicity. Neither School nor Hospital shall cause to be published or disseminate any advertising materials, either printed or electronically transmitted, which identifies the other party or its facilities with respect to the Program(s) without the prior written consent of the other party.

3.6 Records. It is understood and agreed that all records, other than student evaluation records and information, shall remain the property of Hospital.

4. GENERAL PROVISIONS

4.1 Entire Agreement; Amendment. This Agreement including the attachments and exhibits hereto contains the complete and full agreement between the parties with respect to the subject matter hereof and shall supersede all other agreements relative to the subject matter hereof by and between the parties. This Agreement may be amended but only by an instrument in writing signed by both parties to the Agreement. The parties agree to amend this Agreement to the extent reasonably necessary for Hospital or its affiliates to comply with its tax-exempt bond obligations and covenants, to maintain tax-exempt status, and to qualify for tax-exempt financing.

4.2 Assignment. School shall not subcontract, assign its rights or delegate its duties under this Agreement without the prior written consent of Hospital. This Agreement shall be binding on and inure to the benefit of successors and permitted assigns of each party.

4.3 Compliance. School acknowledges and agrees to abide by Hospital's Corporate Responsibility Program ("CRP") and acknowledges that copies of the policies, procedures and handbooks describing the CRP are available to School and School's students. This CRP is intended to prevent compliance violations and to promote education related to fraud, abuse, false claims including but not limited to the Deficit Reduction Act provisions, excess private benefit and inappropriate referrals. School hereby agrees, that it shall promptly report any regulatory compliance concerns either to an appropriate Hospital manager or through the Hospital's Corporate Responsibility Hotline (866-913-0275). Further, it is represented and warranted by School that all individuals providing service hereunder shall not at any time have been sanctioned by a health care regulatory agency and, finally, that investigatory activity relevant to this School shall be promptly reported through the hotline (above). Failure to abide by the CRP compliance requirements shall give Hospital the right to terminate this Agreement immediately at its sole discretion.

4.4 Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of California. Any action arising out of this Agreement shall be instituted and prosecuted only in a court of proper jurisdiction in San Bernardino County, California.

4.5 Non-Discrimination. Neither party shall unlawfully discriminate against any student on the basis of race, age, religion, sex, color, creed, national origin, handicap, disability or sexual preference. In addition, the parties will fully comply with any and all applicable local, state and federal anti-discrimination regulations, statutes and judicial decisions.

4.6 Notices. Any and all notices permitted or required by this Agreement shall be in writing and shall be deemed to have been duly given (a) on the date personally delivered; (b) three business days after being mailed by United States post, certified and return receipt requested; or (c) one business day after being sent by nationally recognized overnight courier, properly addressed as follows or such other address as may later be designated by the party:

If to Hospital:
St. Mary Medical Center
18300 Highway 18
Apple Valley, CA 92307
Attn: Interim Chief Executive

If to School:
Apple Valley Unified School District
Educational Services
12555 Navajo Road
Apple Valley, CA 92308
Attn: Assistant Superintendent, Educational Services

4.7 Severability. The provisions of this Agreement shall be deemed severable and if any portion shall be held invalid, illegal or unenforceable for any reason, the remainder of this Agreement shall be effective and binding upon the parties.

4.8 Waiver. Any waiver of any terms, covenants and/or conditions hereof must be in writing and signed by the parties hereto. A waiver of any of the terms, covenants and/or conditions hereof shall not be construed as a waiver of any other terms, covenants and/or conditions hereof nor shall any waiver constitute a continuing waiver.

"HOSPITAL"

St. Mary Medical Center

By: _____

Its Interim Chief Executive

Date: 7/24/19

"SCHOOL"

AVUSD

By: _____

Printed Name: Irene Nelson

Title: Superintendent

Date: 7/1/19

Keenan & Associates
4204 Riverwalk Parkway Suite 400
Riverside, CA 92505

MAIL DOCUMENT

Certificate of Insurance Delivery by **ecertsonline™**

St. Mary's Regional Medical Center
Attn: Catina Negrete
18300 Highway 18
Apple Valley, CA 92307

Sender:	Marisa Neades
Phone:	951-715-0190
Subject:	Cert No. 49427035 - 2019/20 Certificate Renewal
Date:	6/21/2019
No. of Pages:	3
URL:	www.keenan.com

Attached please find renewal certificate for the 2019-2020 Program Year. If you no longer require a certificate, please write on the Certificate "PLEASE CANCEL/DELETE" and email back to my attention at mneades@keenan.com and I will update the Certificate Schedule and remove the Certificate.

This document was created by eCertsONLINE.

The attached document(s) contain certification of insurance coverage for the insured named in the subject above. Your company is listed as the organization requesting receipt of these documents.

If this document is sent via e-mail, you must click on the attached PDF document. The document is in a pdf format, and you must have Adobe Acrobat Reader installed on your system. To download the Adobe Reader for free, visit www.Adobe.com.

If you have any questions regarding the content of this message, you should contact the Producer/ Agency listed on the attached/linked documents.

Southern California ReLiEF
Protected Insurance Program for Schools

CERTIFICATE OF COVERAGE

Issue Date 6/21/2019

ADMINISTRATOR: LICENSE # 0451271
Keenan & Associates
4204 Riverwalk Parkway Suite 400
Riverside, CA 92505

951-715-0190
www.keenan.com

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE COVERAGE DOCUMENTS BELOW.

ENTITIES AFFORDING COVERAGE:

ENTITY A: Southern California ReLiEF
ENTITY B: Protected Insurance Program for Schools
ENTITY C:
ENTITY D:
ENTITY E:

COVERED PARTY:
Apple Valley Unified School District
Riverside Schools Insurance Authority
12555 Navajo Road
Apple Valley CA 92308

THIS IS TO CERTIFY THAT THE COVERAGES LISTED BELOW HAVE BEEN ISSUED TO THE COVERED PARTY NAMED ABOVE FOR THE PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN. THE COVERAGE AFFORDED HEREIN IS SUBJECT TO ALL THE TERMS AND CONDITIONS OF SUCH COVERAGE DOCUMENTS.

ENT LTR	TYPE OF COVERAGE	COVERAGE DOCUMENTS	EFFECTIVE/ EXPIRATION DATE	MEMBER RETAINED LIMIT / DEDUCTIBLE	LIMITS
A	**GENERAL LIABILITY** [✓] GENERAL LIABILITY [ ] CLAIMS MADE [✓] OCCURRENCE [✓] GOVERNMENT CODES [✓] ERRORS & OMISSIONS [ ]	SCR 00101-33	7/1/2019 7/1/2020	$ 50,000	COMBINED SINGLE LIMIT EACH OCCURRENCE $ 1,000,000
A	**AUTOMOBILE LIABILITY** [✓] ANY AUTO [✓] HIRED AUTO [✓] NON-OWNED AUTO [✓] GARAGE LIABILITY [✓] AUTO PHYSICAL DAMAGE	SCR 00101-33	7/1/2019 7/1/2020	$ 50,000	COMBINED SINGLE LIMIT EACH OCCURRENCE $ 1,000,000
A	**PROPERTY** [✓] ALL RISK [✓] EXCLUDES EARTHQUAKE & FLOOD [ ] BUILDER'S RISK	SCR 00101-33	7/1/2019 7/1/2020	$ 25,000	$ 250,250,000 EACH OCCURRENCE
A	**STUDENT PROFESSIONAL LIABILITY**	SCR 00101-33	7/1/2019 7/1/2020	$ 50,000	$ Included EACH OCCURRENCE
B	**WORKERS COMPENSATION** [✓] EMPLOYERS' LIABILITY	PIPS 129-16	7/1/2019 7/1/2020	$	[ ] WC STATUTORY LIMITS [✓] OTHER $ 1,000,000 E.L. EACH ACCIDENT
	EXCESS WORKERS COMPENSATION [ ] EMPLOYERS' LIABILITY			$	$ 1,000,000 E.L. DISEASE - EACH EMPLOYEE $ 1,000,000 E.L. DISEASE - POLICY LIMITS
	OTHER			$ $	

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/RESTRICTIONS/SPECIAL PROVISIONS:
Use of St. Mary's Regional Medical Center facilities as scheduled by Apple Valley Unified School District for participation in Health Careers Program for the referenced program year.

CERTIFICATE HOLDER:
St. Mary's Regional Medical Center
Attn: Catina Negrete
18300 Highway 18
Apple Valley, CA 92307

CANCELLATION.....SHOULD ANY OF THE ABOVE DESCRIBED COVERAGES BE CANCELED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING ENTITY/JPA WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE ENTITY/JPA, ITS AGENTS OR REPRESENTATIVES.

John Stephens
AUTHORIZED REPRESENTATIVE

DISCLAIMER

The Certificate of Coverage on the reverse side of this form does not constitute a contract between the issuing entity(ies), authorized representative or producer, and the certificate holder, nor does it affirmatively or negatively amend, extend or alter the coverage afforded by the coverage documents listed thereon.

Exhibit 3 to Section 999.5(d)(5)(I)

Vendor: Apple Valley Unified School Dist
WIOA Youth Program (Clinical Affiliation without ins., Support Svcs)

☒ New Agreement **OR** ☐ Existing Agreement (attach most recent annual contract evaluation)

Type of Agreement:

☐ Clinical Affiliation	☐ Physician	☐ Transfer
☐ Service	☐ Software	☐ Staffing
☐ Consulting	☐ Lease	☐ Equipment

☒ Other: Entry Level Support Services

Effective Date: 7-1-2018

Expiration Date: 6-30-2021

St. Joseph Health
St. Mary

CONTRACT COVER SHEET

Justification (why is this contract needed?):
This is a partnership to provide students skills to become productive members of society, and it is a training opportunity for future employees.

What is the cost impact of this contract? How did you calculate this amount?: N/A

Documentation attached:

☒ OIG Query
http://exclusions.oig.hhs.gov/

☒ GSA Query
(https://www.sam.gov/portal/public/SAM/#1)

☒ Business Associate Agreement
(not required for Clinical Affiliation Agreements)

☒ Conflict of Interest Statement Attached? N/A

SJHS Legal Review?

☐ Template
☐ e-mail attached
☒ N/A

Does director have invoice sign-off authority up to authorized amount? N/A

☐ Yes ☐ No

Is annual contract evaluation required?

☐ Yes ☒ No

QA/PI (PIAC) Reporting:
If one or more of the following criteria are checked, QA PI reporting is required and the attached document must be integrated at time of evaluation.

☐ Indirect Patient Contact
☐ Direct Patient Contact
N/A

Physician Agreements:
Is Fair Market Value within the 25th to 75th percentile? *(If no, Board approval is required)*

☐ Yes ☐ No ☒ N/A

Date of Board approval: _____

Reviewed by:

Reviewed by Department Director (Signature) — Date: 2/26/18

Reviewed by Vice President (Signature) — Date: 4/11/18

Does this agreement include staff not employed by SMMC? ☒ Yes* ☒ No
** If yes, agreement must be referred to Vice President of Human Resources for review*

Reviewed by Vice President, Human Resources (Signature) — Date: 5/4/18

Are other departments involved? ☐ Yes* ☒ No
** If yes, agreement must be referred to involved department Vice President for review*

N/A
Reviewed by Vice President (Signature) — Date

N/A
VP, Strategic Services (Signature) for physician contracts only — Date

Reviewed by CFO (Signature) — Date: 4/11/18

Reviewed by COO (Signature) — Date: 4/24/18

(only physician contracts require CEO review/signature)

N/A
Reviewed by CEO (Signature) — Date

Copies sent to:

Finance Department: Tracey Fernandez
Department Director: Ryan Gunthner
Vice President: N/A
Other: Jean Holtman
Katie Weinberg

AFFILIATION AGREEMENT

(Without School Instructor on Hospital Premises)

This Affiliation Agreement ("Agreement") is made and entered into as of the later of 7-1-2018 or the execution of the Agreement by both parties (the "Effective Date") by and between St. Mary Medical Center ("Hospital"), and Apple Valley Unified School District ("School").

RECITALS

A. Hospital is a California nonprofit public benefit corporation that operates a general acute care hospital accredited in accordance with the standards of the Joint Commission and licensed by the California Department of Public Health.

B School is an institution of higher learning authorized pursuant to California law to offer health care program(s) and to maintain classes and such program(s) at hospitals for the purpose of providing training for students in such classes.

C Hospital operates facilities within Hospital which are suitable for School's training programs ("the Program(s)") in the area of Support Services School desires to establish the Program(s) at Hospital for the students of the School enrolled in the Program(s). Hospital desires to support the Program(s) to assist in training students of School.

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2.1 Access. Hospital shall permit nonexclusive access to the Program(s) to those students designated by School as eligible for participation in the Program(s) at Hospital provided such access does not unreasonably interfere with the regular activities at Hospital. Hospital agrees to provide qualified students with access to areas and patient care opportunities as appropriate to the level of understanding and education of such students and as appropriate to the provision of quality care and privacy of Hospital patients.

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2.4 Accreditation. Hospital shall maintain Hospital so that it conforms to the requirements of the California Department of Public Health and the Joint Commission.

2.5 Patient Care. Pursuant to the California Code of Regulations ("CCR"), Title 22, Section 70713, School understands and agrees that Hospital, with its Medical Staff, retains professional and administrative responsibility for Services rendered to Hospital patients. Further, School and students shall conduct their respective activities hereunder consistent with relevant law and regulation, the Medical Staff Bylaws, the Medical Staff Rules and Regulations, Hospital policy and procedures, Emergency Medical Treatment and Active Labor Act ("EMTALA"), Title 22, the standards and requirements under the Joint Commission, professional standards, Hospital philosophy and values and the Ethical and Religious Directives for Catholic Health Facilities. The

parties understand and agree that this provision is intended to fulfill requirements of the Joint Commission and state law and is not intended to modify the independent contractor relationship nor indemnification requirements between the parties herein.

2.6 Space and Storage. At Hospital's discretion, it will provide students with classroom space within Hospital and an acceptable amount of storage space for School's instructional materials for use in the Program(s), subject to reasonable availability..

2.7 Removal of Students. Hospital shall have the absolute right to determine who will administer care to its patients. In the event that any student, in the sole discretion of Hospital, fails to perform satisfactorily, fails to follow Hospital policies, procedures and regulations, or fails to meet Hospital standards for health, safety, security, cooperation or ethical behavior, Hospital shall have the right to request that School withdraw the student from the Program(s). School shall comply with Hospital's request within five (5) days of receipt of notice from Hospital. Notwithstanding the foregoing, in the event of any emergency or if any student represents a threat to patient safety or personnel, Hospital may immediately exclude any student from Hospital until final resolution of the matter with School.

2.8 Documentation. Hospital agrees to make available to qualified students of School a copy of its policies and procedures, rules and regulations, and other relevant information in order that students obtain the benefit of such documentation and in order that students comply with such policies and rules. Such copy is available at Hospital's facility for review.

2.9 First Aid. Hospital shall be available to provide necessary emergency health care or first aid, within its capacity, to students participating in the Program(s). Any emergency health care or first aid provided by Hospital shall be billed to the student or School at Hospital's normal billing rate for privatepay patients. Except as herein provided, Hospital shall have no obligation to furnish medical or surgical care to any student.

2.10 Statement of Adequate Staffing. Hospital acknowledges that it has adequate staffing and that students participating in the Program(s) shall not be substituted for nursing staff necessary for reasonable staffing coverage.

2.11 Authority. Hospital shall maintain at all times full authority over and responsibility for care of its patients and may intervene and/or redirect students when appropriate or necessary.

3. RELATIONSHIP OF THE PARTIES

3.1 Term. The term of this Agreement shall commence as of the Effective Date and shall continue for 3 (3) years unless terminated sooner as provided herein.

3.2 Termination. Either party may terminate this Agreement at any time and for any reason upon at least thirty (30) days prior written notice to the other party. To the extent reasonably possible, Hospital will attempt to limit its termination of this Agreement without cause so as to allow the completion of student training for the then current academic year by any student who, at the date of mailing of said notice by Hospital, was satisfactorily participating in the Program(s).

3.3 Independent Contractor. In the performance of the obligations under this

Agreement, it is mutually understood and agreed that School is at all times acting and performing as an independent contractor. Nothing in this Agreement is intended nor shall be construed to create between Hospital and School an employer/employee relationship, a joint venture relationship, or a lease or landlord/tenant relationship. Students shall maintain the status of learners and neither this Agreement nor any acts pursuant to it shall be deemed to create an employment or agency relationship between Hospital and any student. Therefore, the parties understand and agree that Hospital is not responsible in any way, directly or indirectly, for any employmentrelated benefits for students. Such benefits not covered include but are not limited to, salaries, vacation time, sick leave, Workers' Compensation, and health benefits. The sole interest of Hospital is to assure that services to its patients are performed in a competent and satisfactory manner. No relationship of employer and employee is created by this Agreement, and neither School nor any student enrolled in School's Program(s), whether as a shareholder, partner, employee, independent contractor, subcontractor or otherwise, shall have any claim under this Agreement or otherwise against Hospital for vacation pay, sick leave, retirement benefits, Social Security, Workers' Compensation, disability or unemployment benefits. School shall indemnify and hold harmless Hospital from any and all liability for fees, compensation, wages and benefits of itself or its students, and from taxes on business income and other costs and expenses of an employer that Hospital would incur if, contrary to the parties' intention, School or its students are determined to be employees of Hospital.

3.4 Role of Students. It is not the intention of School or Hospital that any student occupy the position of thirdparty beneficiary of any obligations assumed by Hospital or School pursuant to this Agreement.

3.5 Publicity. Neither School nor Hospital shall cause to be published or disseminate any advertising materials, either printed or electronically transmitted, which identifies the other party or its facilities with respect to the Program(s) without the prior written consent of the other party.

3.6 Records. It is understood and agreed that all records, other than student evaluation records and information, shall remain the property of Hospital.

4. GENERAL PROVISIONS

4.1 Entire Agreement; Amendment. This Agreement including the attachments and exhibits hereto contains the complete and full agreement between the parties with respect to the subject matter hereof and shall supersede all other agreements relative to the subject matter hereof by and between the parties. This Agreement may be amended but only by an instrument in writing signed by both parties to the Agreement. The parties agree to amend this Agreement to the extent reasonably necessary for Hospital or its affiliates to comply with its tax-exempt bond obligations and covenants, to maintain tax-exempt status, and to qualify for tax-exempt financing.

4.2 Assignment. School shall not subcontract, assign its rights or delegate its duties under this Agreement without the prior written consent of Hospital. This Agreement shall be binding on and inure to the benefit of successors and permitted assigns of each party.

4.3 Compliance. School acknowledges and agrees to abide by Hospital's Corporate Responsibility Program ("CRP") and acknowledges that copies of the policies, procedures and

handbooks describing the CRP are available to School and School's students. This CRP is intended to prevent compliance violations and to promote education related to fraud, abuse, false claims including but not limited to the Deficit Reduction Act provisions, excess private benefit and inappropriate referrals. School hereby agrees, that it shall promptly report any regulatory compliance concerns either to an appropriate Hospital manager or through the Hospital's Corporate Responsibility Hotline (866-913-0275). Further, it is represented and warranted by School that all individuals providing service hereunder shall not at any time have been sanctioned by a health care regulatory agency and, finally, that investigatory activity relevant to this School shall be promptly reported through the hotline (above). Failure to abide by the CRP compliance requirements shall give Hospital the right to terminate this Agreement immediately at its sole discretion.

4.4 Governing Law. This Agreement shall be governed by and interpreted in accordance with the laws of the State of California. Any action arising out of this Agreement shall be instituted and prosecuted only in a court of proper jurisdiction in San Bernardino County, California.

4.5 Non-Discrimination. Neither party shall unlawfully discriminate against any student on the basis of race, age, religion, sex, color, creed, national origin, handicap, disability or sexual preference. In addition, the parties will fully comply with any and all applicable local, state and federal anti-discrimination regulations, statutes and judicial decisions.

4.6 Notices. Any and all notices permitted or required by this Agreement shall be in writing and shall be deemed to have been duly given (a) on the date personally delivered; (b) three business days after being mailed by United States post, certified and return receipt requested; or (c) one business day after being sent by nationally recognized overnight courier, properly addressed as follows or such other address as may later be designated by the party:

If to Hospital:
Marilyn Drone
18300 US Highway 18
Apple Valley, CA 92308
Attn: ~~President & CEO~~
Exec Vice President & COO

If to School:
11837 Navajo Rd
Apple Valley, CA 92308

Attn: Dennis Killion

4.7 Severability. The provisions of this Agreement shall be deemed severable and if any portion shall be held invalid, illegal or unenforceable for any reason, the remainder of this Agreement shall be effective and binding upon the parties.

4.8 Waiver. Any waiver of any terms, covenants and/or conditions hereof must be in writing and signed by the parties hereto. A waiver of any of the terms, covenants and/or conditions hereof shall not be construed as a waiver of any other terms, covenants and/or conditions hereof nor shall any waiver constitute a continuing waiver.

"HOSPITAL"

By: Exec Vice
Its President and ~~CEO~~ COO
Date: 4/24/18

"SCHOOL"

Apple Valley Unified School District

By: _____

Printed Name: Dennis Killion

Title: WIOA Program Coordinator

Date: March 1, 2018

BUSINESS ASSOCIATE ADDENDUM

This Business Associate Addendum ("Addendum") supplements and is made a part of the service contract(s) ("Contract") by and between St. Mary Medical Center ("Covered Entity" or "CE") and Apple Valley Unified School District ("Business Associate" or "BA"). This Addendum is effective as of 7-1-2018 (the "Addendum Effective Date").

A. CE wishes to disclose certain information to BA pursuant to the terms of the Contract, some of which may constitute Protected Health Information ("PHI") (defined below).

B. CE and BA intend to protect the privacy and provide for the security of PHI disclosed to BA pursuant to the Contract in compliance with the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191 ("HIPAA"), the Health Information Technology for Economic and Clinical Health Act, Public Law 111-005 (the ""HITECH Act"), and regulations promulgated thereunder by the U.S. Department of Health and Human Services (the "HIPAA Regulations") and other applicable state and federal laws and regulations.

C. As part of the HIPAA Regulations, the Privacy Rule and the Security Rule (defined below) require CE to enter into a contract containing specific requirements with BA prior to the disclosure of PHI, as set forth in, but not limited to, Title 45, Sections 164.314(a), 164.502(e) and 164.504(e) of the Code of Federal Regulations ("C.F.R.") and contained in this Addendum.

In consideration of the mutual promises below and the exchange of information pursuant to this Addendum, the parties agree as follows:

1. **Definitions**

a. **Breach** shall have the meaning given to such term under HIPAA, the HIPAA Regulations and the HITECH Act, and in those states referenced in Section 2(m) herein under applicable state law.

b. **Business Associate** shall have the meaning given to such term under the Privacy Rule, the Security Rule, and the HITECH Act, including 45 C.F.R. Section 160.103.

c. **Covered Entity** shall have the meaning given to such term under the Privacy Rule and the Security Rule, including, but not limited to, 45 C.F.R. Section 160.103.

d. **Data Aggregation** shall have the meaning given to such term under the Privacy Rule, including but not limited to, 45 C.F.R. Section 164.501.

e. **Designated Record Set** shall have the meaning given to such term under the Privacy Rule, including, but not limited to, 45 C.F.R. Section 164.501.

f. **Electronic Protected Health Information** means Protected Health Information that is maintained in or transmitted by electronic media.

g. **Electronic Health Record** shall have the meaning given to such term in the HITECH Act, including, but not limited to, 42 U.S.C. Section 17921.

h. **Health Care Operations** shall have the meaning given to such term under the Privacy Rule, including, but not limited to, 45 C.F.R. Section 164.501.

i. **HITECH Compliance Date** shall mean the date for compliance set forth in the HITECH Act or the implementation regulations thereunder.

j. **Privacy Rule** shall mean the HIPAA Regulation that is codified at 45 C.F.R. Parts 160 and 164, Subparts A and E.

k. **Protected Health Information or PHI** means any information, whether oral or recorded in any form or medium: (i) that relates to the past, present or future physical or mental condition of an individual; the provision of health care to an individual; or the past, present or future payment for the provision of health care to an individual; and (ii) that identifies the individual or with respect to which there is a reasonable basis to believe the information can be used to identify the individual, and shall have the meaning given to such term under the Privacy Rule, including, but not limited to, 45 C.F.R. Section 164.501. Protected Health Information includes Electronic Protected Health Information.

l. **Protected Information** shall mean PHI provided by CE to BA or created or received by BA on CE's behalf.

m. **Security Rule** shall mean the HIPAA Regulation that is codified at 45 C.F.R. Parts 160 and 164, Subparts A and C.

n. **Unsecured PHI** shall have the meaning given to such term under the HITECH Act and any guidance issued pursuant to such Act including, but not limited to, 42 U.S.C. Section 17932(h) and 45 C.F.R. Section 164.402.

o. **Offshore Entity** shall mean any individual or entity physically located outside of one of the fifty United States or one of the United States Territories (i.e., American Samoa, Guam, Northern Marianas, Puerto Rico, and Virgin Islands). Subsidiaries or affiliates or subcontractors of the Business Associate that are considered an "Offshore Entity" can be either American-owned companies with certain portions of their operations performed outside of the United States or foreign-owned companies with their operations performed outside of the United States.

2. **Obligations of Business Associate**

a. **Permitted Uses.** BA shall not use Protected Information except for the purpose of performing BA's obligations under the Contract and as permitted under the Contract and Addendum. Further, BA shall not use Protected Information in any manner that would constitute a violation of the Privacy Rule or the HITECH Act if so used by CE. However, BA may use Protected Information (i) for the proper management and administration of BA, (ii) to carry out the legal responsibilities of BA, or (iii) for Data Aggregation purposes for the Health Care Operations of CE.

b. **Permitted Disclosures.** BA shall not disclose Protected Information except for the purpose of performing BA's obligations under the Contract and as permitted under the Contract and Addendum. BA shall not disclose Protected Information in any manner that would constitute a violation of the Privacy Rule or the HITECH Act if so disclosed by CE.

However, BA may disclose Protected Information (i) for the proper management and administration of BA; (ii) to carry out the legal responsibilities of BA; (iii) as required by law; or (iv) for Data Aggregation purposes for the Health Care Operations of CE. If BA discloses Protected Information to a third party, BA must obtain, prior to making any such disclosure, (i) reasonable written assurances from such third party that such Protected Information will be held confidential as provided pursuant to this Addendum and only disclosed as required by law or for the purposes for which it was disclosed to such third party, and (ii) a written agreement from such third party to immediately notify BA of any breaches of confidentiality of the Protected Information, to the extent it has obtained knowledge of such breach.

c. **Prohibited Uses and Disclosures under HITECH.** Notwithstanding any other provision in this Addendum, no later than the HITECH Compliance Date, BA shall comply with the following requirements: (i) BA shall not use or disclose Protected Information for fundraising or marketing purposes, except as provided under the Contract and consistent with the requirements of 42 U.S.C. 17936 and the Privacy Rule; (ii) BA shall not disclose Protected Information to a health plan for payment or health care operations purposes if the patient has requested this special restriction, and has paid out of pocket in full for the health care item or service to which the PHI solely relates consistent with the requirements of 42 U.S.C. Section 17935(a) and the Privacy Rule; (iii) BA shall not directly or indirectly receive remuneration in exchange for Protected Information, except with the prior written consent of CE and as permitted by the HITECH Act, 42 U.S.C. Section 17935(d)(2) and the Privacy Rule; however, this prohibition shall not affect payment by CE to BA for services provided pursuant to the Contract.

d. **Appropriate Safeguards.** BA shall implement appropriate safeguards as are necessary to prevent the use or disclosure of Protected Information other than as permitted by the Contract or Addendum. BA further agrees to use administrative, physical and technical safeguards that reasonably and appropriately protect the confidentiality, integrity and availability of Electronic PHI. No later than the HITECH Compliance Date, BA shall comply with Subpart C of Part 164 of the Security Rule. To the extent that BA creates, maintains, receives or transmits Electronic PHI on behalf of the CE, BA shall implement the safeguards required by this paragraph 2.d with respect to Electronic PHI.

e. **Mitigation.** BA agrees to mitigate, to the extent practicable, any harmful effect that is known to BA of a use or disclosure of PHI in violation of this Addendum.

f. **Reporting of Improper Access, Use or Disclosure.** BA shall, following the discovery of any Breach of Unsecured PHI, Security Incident, as defined in the Security Rule, and/or any actual or suspected access, use or disclosure of Protected Information not permitted by the Contract and Addendum or applicable law notify CE in writing of such breach or disclosure without unreasonable delay and in no case later than three business days after discovery. Notwithstanding the foregoing, BA and CE acknowledge the ongoing existence and occurrence of attempted but unsuccessful Security Incidents that are trivial in nature, such as pings and port scans, and CE acknowledges and agrees that no additional notification to CE of such unsuccessful Security Incidents is required. However, to the extent that BA becomes aware of an unusually high number of such unsuccessful Security Incidents due to the repeated acts of a single party, BA shall notify CE of these attempts and provide the name, if available, of said party. BA shall take prompt corrective action and any action required by applicable state or federal laws and regulations relating to such disclosure. BA agrees to pay the actual costs of CE to provide required notifications and any associated

costs incurred by CE, such as credit monitoring for affected patients, and including any civil or criminal monetary penalties or fines levied by any federal or state authority having jurisdiction if CE reasonably determines that the nature of the breach warrants such measures.

g. **Business Associate's Subcontractors and Agents.** In accordance with 45 C.F.R. Sections 164.308(b)(2) and 164.502(e)(1)(ii), BA shall ensure that any agents or subcontractors that create, receive, maintain, or transmit PHI on behalf of BA agree in writing to the same restrictions and conditions that apply to BA with respect to such PHI.

h. **Access to Protected Information.** To the extent BA maintains a Designated Record Set on behalf of the CE, BA shall make Protected Information maintained by BA or its agents or subcontractors in Designated Record Sets available to CE for inspection and copying within five (5) days of a request by CE to enable CE to fulfill its obligations under the Privacy Rule, including, but not limited to, 45 C.F.R. Section 164.524. No later than the HITECH Compliance Date, if BA maintains a Designated Record Set electronically, and if an individual requests an electronic copy of such information, BA must provide CE, or the individual or person properly designated by the individual, as directed by CE, access to the PHI in the electronic form and format requested by the individual, if it is readily producible in such form and format; or, if not, in a readable electronic form and format as agreed to by CE and the individual. Any fee that BA may charge for such electronic copy shall not be greater than BA's labor and supply costs in responding to the request.

i. **Amendment of PHI.** To the extent BA maintains a Designated Record Set on behalf of CE, within thirty (30) days of receipt of a request from the CE or an individual for an amendment of Protected Information or a record about an individual contained in a Designated Record Set, BA or its agents or subcontractors shall make any amendments that CE directs or agrees to in accordance with the Privacy Rule.

j. **Accounting Rights.** Within thirty (30) days of notice by CE of a request for an accounting of disclosures of Protected Information, BA and its agents or subcontractors shall make available to CE the information required to provide an accounting of disclosures to enable CE to fulfill its obligations under the Privacy Rule, including, but not limited to, 45 C.F.R. Section 164.528, and, no later than the HITECH Compliance Date, its obligations under the HITECH Act, including but not limited to 42 U.S.C. Section 17935(c), as determined by CE. The provisions of this subparagraph 2.j shall survive the termination of this Addendum.

k. **Governmental Access to Records.** BA shall make its internal practices, books and records relating to the use and disclosure of Protected Information available to CE and to the Secretary of the U.S. Department of Health and Human Services (the "Secretary"), or Secretary's designated representative, for purposes of determining CE's and BA's compliance with the Privacy Rule.

l. **Minimum Necessary.** No later than the HITECH Compliance Date, BA (and its agents or subcontractors) shall request, use and disclose only the minimum amount of Protected Information necessary to accomplish the purpose of the request, use or disclosure. BA understands and agrees that the definition of "minimum necessary" is in flux and shall keep itself informed of guidance issued by the Secretary with respect to what constitutes "minimum necessary."

m. **Compliance with Applicable State Laws.** Both Parties acknowledge and agree that CE is located in either California or Texas as applicable and the services being provided by BA may be provided to CE located in those states. To the extent state law in either state is not preempted by HIPAA, BA shall comply with applicable state law protecting the access, use, disclosure and maintenance of PHI including without limitation requirements for reporting of a breach, breach notification to affected individuals and training of BA's work force. For clarification, the current applicable state laws include the following:

1. Texas
   (i) Tex. Bus. Com. Code Ann. Section 521.001 et seq.
   (ii) Tex. Health & Safety Code Ann. Section 181.001 et seq. and more specifically Section 181.101 (training program requirements for BA's employees) and Section 181.154 (notice to individuals if the individual's PHI is subject to electronic disclosure).

2. California
   Cal. Civil Code Section 1798.80 et seq. and Cal. Civil Code Section 56-56.07 (Confidentiality of Medical Information Act)

n. **Delegation of Obligations.** To the extent BA is delegated to carry out CE's obligations under the Privacy Rule, BA shall comply with the requirements of the Privacy Rule that apply to CE in the performance of such delegated obligation.

3. **Termination**

a. **Material Breach by BA.** A breach by BA of any provision of this Addendum, as determined by CE, shall constitute a material breach of the Contract and shall provide grounds for termination of the Contract, any provision in the Contract to the contrary notwithstanding, with or without an opportunity to cure the breach. If termination of the Contract is not feasible, CE will report the problem to the Secretary of DHHS. BA shall ensure that it maintains for itself the termination rights in this Section in any agreement it enters into with a subcontractor pursuant to section 2(g) hereof.

b. **Material Breach by CE.** As of the HITECH Compliance Date, pursuant to 42 U.S.C. Section 17934(b), if the BA knows of a pattern of activity or practice of the CE that constitutes a material breach or violation of the CE's obligations under the Contract or Addendum or other arrangement, the BA must take reasonable steps to cure the breach or end the violation. If the steps are unsuccessful, the BA must terminate the Contract or other arrangement if feasible, or if termination is not feasible, report the problem to the Secretary of DHHS.

c. **Effect of Termination.** Upon termination of the Contract for any reason, BA shall, at the option of CE, return or destroy all Protected Information that BA or its agents or subcontractors still maintain in any form, and shall retain no copies of such Protected Information. If return or destruction is not feasible, as determined by CE, BA shall continue to extend the protections of Section 2 of this Addendum to such information, and limit further use of such PHI to those purposes that make the return or destruction of such PHI infeasible. If CE elects destruction of the PHI, BA shall certify in writing to CE that such PHI has been destroyed.

4. **Indemnification; Limitation of Liability.** To the extent permitted by law, BA shall indemnify, defend and hold harmless CE from any and all liability, claim, lawsuit, injury, loss, expense or damage resulting from or relating to the acts or omissions of BA in connection with the representations, duties and obligations of BA under this Addendum. Any limitation of liability contained in the Contract shall not apply to the indemnification requirement of this provision. This provision shall survive the termination of the Addendum.

5. **Assistance in Litigation.** BA shall make itself and any subcontractors, employees or agents assisting BA in the performance of its obligations under the Contract or Addendum available to CE, at no cost to CE, to testify as witnesses, or otherwise, in the event of litigation or administrative proceedings being commenced against CE, its directors, officers or employees based upon a claim of violation of HIPAA, the HITECH Act, or other laws related to security and privacy.

6. **Amendment to Comply with Law.** The parties acknowledge that state and federal laws relating to data security and privacy are rapidly evolving and that amendment of the Contract or Addendum may be required to ensure compliance with such developments. The parties specifically agree to take such action as is necessary to implement the standards and requirements of HIPAA, the HIPAA Regulations, the HITECH Act, and other applicable state and federal laws and regulations relating to the security or confidentiality of PHI. Upon the compliance date of any such applicable laws and regulations, this Addendum shall automatically be amended such that this Addendum remains in compliance with such laws and regulations.

7. **No Third-Party Beneficiaries.** Nothing express or implied in the Contract or Addendum is intended to confer, nor shall anything herein confer upon any person other than CE, BA and their respective successors or assigns, any rights, remedies, obligations or liabilities whatsoever

8. **Interpretation.** The provisions of this Addendum shall prevail over any provisions in the Contract that may conflict or appear inconsistent with any provision in this Addendum. This Addendum and the Contract shall be interpreted as broadly as necessary to implement and comply with HIPAA, the HITECH Act, the Privacy Rule and the Security Rule. The parties agree that any ambiguity in this Addendum shall be resolved in favor of a meaning that complies and is consistent with HIPAA, the HITECH Act, the Privacy Rule and the Security Rule. Except as specifically required to implement the purposes of this Addendum, or to the extent inconsistent with this Addendum, all other terms of the Contract shall remain in force and effect.

9. **Regulatory References.** A reference in this Addendum to a section of regulations means the section as in effect or as amended, and for which compliance is required.

10. **Identity Theft Program Compliance.** To the extent that CE is required to comply with the final rule entitled "Identity Theft Red Flags and Address Discrepancies under the Fair and Accurate Credit Transactions Act of 2003," as promulgated and enforced by the Federal Trade Commission (16 C.F.R. Part 681) (the "Red Flags Rule") and that BA is performing an activity in connection with one or more "covered accounts," as that term is defined in the Red Flags Rule, pursuant to the Contract, BA shall establish and comply with its own reasonable policies and procedures designed to detect, prevent, and mitigate the risk of identity theft, which shall be consistent with and no less stringent than those required under the Red Flags Rule or the policies and procedures of CE's Red Flags Program. BA shall provide its services pursuant to the Contract in accordance with such policies and procedures. BA shall report any detected "red flags," as that term is defined in the Red Flags Rule, to CE and shall, in cooperation with Hospital, take appropriate steps to prevent or mitigate identity theft.

11. **Offshore Entities:** Business Associates shall not transmit or make PHI accessible to any Offshore Entity without Covered Entity's prior written consent. Business Associate requests for permission to send PHI to an Offshore Entity must be submitted in writing to the Chief Compliance and Privacy Officer of St. Joseph Health. The request must include details sufficient to identify the Offshore Entity, the specific PHI to be transmitted or accessed by the Offshore Entity, and the purpose for which that PHI will be used or accessed by the Offshore Entity. Covered Entity reserves the right to request and, upon that request Business Associate shall provide, additional documentation and evidence of the Offshore Entity's compliance with the terms of this Addendum and privacy and data protection laws including HIPAA and applicable state laws. Business Associate shall ensure that any Offshore Entity expressly granted written access to PHI by Covered Entity has first completed privacy and security training compliant with the Privacy Rule and Security Rule. Furthermore, Business Associate shall ensure that representatives of Covered Entity and of Medicare plans in which Covered Entity participates shall have the right to audit any Offshore Entity receiving PHI from Covered Entity; provided, however, that such audits shall be limited to the use and disclosure of PHI by the Offshore Entity and audits of administrative, physical, technical, and organizational privacy and security safeguards, and policies, procedures, and documentation addressing the privacy and security of PHI.

IN WITNESS WHEREOF, the parties hereto have duly executed this Addendum as of the Addendum Effective Date.

COVERED ENTITY
St. Mary Medical Center

By: Marilyn Drone
Name: Marilyn Drone
Title: Executive Vice President, COO/CNO

Date: 4/24/18

BUSINESS ASSOCIATE
Apple Valley Unified School District

By:
Name: DENNIS KILLION
Title: PROGRAM COORDINATOR – WIOA

Date: 2/27/18

Workforce Innovation and Opportunity Act
(WIOA)
Youth Employment & Training Program

WORKSITE SUPERVISOR HANDBOOK

SAN BERNARDINO COUNTY
Workforce Development Board

Apple Valley Unified School District
11837 Navajo Road
Apple Valley, CA 92308
(760) 247-7206 ext. 268

Program Coordinator: Dennis Killion

Job Coaches: Kyle Godfrey and Josh McClane

Staff Intake: Susan Dahlke

BASIC OBJECTIVES OF WIOA

- To prove the benefits of gainful summer & year-long employment to youth, who are "most-in-need" between the ages of 17-24 and who qualify under WIOA guidelines.
- To give these youth the opportunities to gain meaningful work experience and to develop useful work behavior patterns and basic employment skills.
- To produce useful services and improvements for the people of our County.
- To assist youth, who are "most-in-need" to explore vocational occupational career fields.
- To encourage youth, who are "most-in-need" to continue or return and complete their education.
- To assist youth, who are assessed as deficient in reading and math, the opportunity of improving these basic skills.
- To assist the WIOA participant acquire some marketable skills during the course of the program.

JOB OF THE WORKSITE SUPERVISOR

You must ready to support and supervise the youth from the moment they arrive. Be aware of the age difference among your participants. The older participants will probably have more skills and experience than a 14 or 15 year old. For the younger participants, this may be their first opportunity under which structured work and supervision occurs. However, all youth regardless of age should be encouraged to try out different tasks, within the limits set forth by Child Labor Laws.

The job of the worksite supervisor includes many different elements. Your supervisory tasks are described briefly below:

- **ORIENTING** the participant to your worksite, the work to be performed, and the expected behavior.
- **ORGANIZING** the participants and materials, so that overall tasks will be achieved.

- **INFORMING** the participant, so that they understand what is to be done and how to do it.

- **MOTIVATING** the participant toward good work behavior and performance.

- **SERVING AS A ROLE MODEL** so that the participant will have a good example of proper work behavior and attitude.

- **CHECKING and CERTIFYING** participants' time and attendance records on a daily basis. Making sure participants are not pre-completing nor pre-signing their time cards.

- **EVALUATING** participants' behavior and performance on a weekly and/or monthly basis.

Your preparation might include:

- Knowing the names and telephone numbers of the persons you may have to contact in the course of work; such as the Program Coordinators, who placed the participant and the person to notify in the event of an accident.

- You should know whom to ask for information. The participants do not have the experience in talking with adults and will need to be encouraged to discuss issues with the supervisor.

HOURS – PAYDAYS – TIMECARDS

1. The maximum number of hours a participant may work during a week is 40 hours.

2. The maximum number of hours a participant may work during a day is 8 hours.

3. WIOA participants are NOT paid during their lunch break. They are only paid for actual time at work.

4. Participants CANNOT work more than five (5) consecutive days in a row.

5. Participants are entitled to a 10 minute break for every four (4) hours worked. A break period need not be authorized if the total work time is less than 3 ½ hours per day.

6. Participant pay rates are the federal minimum wage – currently - **$10.50/hour**. That hourly rate increases to $11.00/hour on January 1, 2018.

7. On a daily basis, each participant will sign-in on their timecards. They will sign-out for lunch and sign-in when returning from lunch. When they leave work for the day, they will sign-out. Please initial their timecard daily.

8. WIOA participants are paid monthly through the school district's payroll system. All timecards will be submitted to the Program Coordinator on, or before, the 20th of each month. **It is the responsibility of the participant to turn in his/her timecard.** If timecards are not complete at the time they are submitted, the student will not be paid.

9. The Worksite Supervisor is also requested to sign the bottom of the time card each month.

10. All paychecks will be sent to the participant's home.

"THINGS TO REMEMBER"

- Use INK when completing timecards.
- Record time in FULL hour or HALF hour increments. Do NOT use exact minutes. Recorded hours should be ACTUAL hours worked. Do NOT record a higher time if the time was NOT worked.
- LEGAL signatures MUST be used when signing timecards.
- A timecard submitted, filled out incorrectly or incompletely, could result in a delay in payment of participant wages.
- Changes made on a timecard to correct an error, need to be initialed by the worksite supervisor.

WORKSITE RECORDS

Each participant will receive a worksite file, which must be available for review at the worksite. The file will include:

- A copy of the signed Worksite Agreement.
- The participant Work Permit (for students under 18 years of age).

- Medical Release Information
- A copy of the Supervisor Handbook.
- Extra timecards for participants.
- I-9 Form
- W-4 Form

These files will be reviewed on a monthly basis for completeness. It is the responsibility of the Worksite Supervisor to adequately maintain these files and to place them in safe location.

OCCUPATIONAL INJURY

All WIOA participants are covered by a Worker's Compensation Plan through the Apple Valley Unified School District. The following information is vital to ensuring the proper steps are taken, should a participant sustain an injury.

EMERGENCY SITUATIONS – Serious injuries requiring IMMEDIATE medical attention.

a. Worksite supervisor should call **Company Nurse at 1-877-230-9690**, then have youth transported to the nearest medical facility. **Please note: Medical Consent Information should be in the Worksite File.**

b. Worksite Supervisor reports the injury to the Program Coordinator as soon as possible.

NON-EMERGENCY SITUATIONS – Injuries that are NOT life-threatening and/or may NOT result in the need for serious medical attention.

a. First-aid cases should be treated on location, where possible.

b. Worksite supervisor should call **Company Nurse at 1-877-230-9690.** Worksite Supervisor reports injury to the Program Coordinator as soon as possible.

c. Should the injury require medical attention, the participant should report to a medical facility identified by the Medical Release Form.

In either of the above injury situations, the Worksite Supervisor should also prepare a written report and gather any necessary information. This report should be turned into the Program Coordinator, when available. The report should include the following information:

- Name, age, and occupation of the injured participant.
- Date and hour of accident.
- Nature of injury.
- Where and how the accident occurred.
- Names of available witnesses.
- Was the participant acting in the regular line of duty?
- Date and time of day the participant left and returned to work.
- Who administered first-aid?
- Name and address of the physician.
- Notification of parent, guardian, or responsible person – how and when notified.

YOUTH LABOR LAWS

The following are laws that pertain to WIOA participants:

- All minors between the ages of 14-17 must have a "Permit to Employment and Work" on file at the worksite.
- All labor laws applicable to other employees of the business will apply to the minor's employment.
- 14-17 year old minors are NOT permitted to work in the following occupations declared hazardous by the Secretary of Labor:
    - Manufacturing or storing explosives.
    - Driving a motor vehicle and being an outside helper.
    - Coal mining
    - Logging and saw-milling
    - Working with power-driven wood-working machines.
    - Exposure to radioactive substances and to ionizing radiations.
    - Working with power-driven, shearing machines.
    - Working with meat packing or processing.
    - Working with power-driven bakery machines.
    - Working with power-driven paper products machines.
    - Manufacturing brick, tile, and related products.
    - Working with power-driven circular saws, band saws, and shears.
    - Wrecking, demolition, and ship-breaking operations.
    - Roofing operations
    - Excavation operations
- 14-15 year old minors may NOT be employed:
    - Before 7:00 a.m. or after 9:00 p.m.
    - More than 8 hours per day.
    - More than 40 hours per week.

MONITORING

WIOA participants will be evaluated on a bi-monthly basis. Areas of evaluation will be discussed with the Worksite Supervisor. Once the formal evaluation is completed, the Program Coordinator will discuss it with the participant. However, supervisors are encouraged to discuss areas of evaluation with the participant on a daily basis, or as necessary.

THANK YOU

The WIOA Program at Apple Valley Unified School District thanks you for participating in this program and hope that it serves as a benefit to your organization. For many of the participants, this experience will be the difference in their future success as a student and employee.

PARTICIPATING LOCAL COMPANIES/PARTNERS

Allstate Insurance
Marites Killion – Broker/Owner
12027 Hesperia Road #C
Hesperia, CA 92345
(760) 947-4533

Burlington Coat Factory
19131 Bear Valley Road
Apple Valley, CA 92308
(760) 247-7926

Fallas Paredes
14598 7th Street
Victorville, CA 92395
(760) 951-9097

Smart & Final
15111 Bear Valley Road
Hesperia, CA 92345
(760) 947-9217

Stine Chiropractic
17330 Bear Valley Road #105
Victorville, CA 92395
(760) 245-8182

St. Mary Medical Center
18300 Highway 18
Apple Valley, CA 92308
(760) 242-2311

Town & Country Tire
21068 Bear Valley Road
Apple Valley, CA 92308
(760) 240-5555

Staples – Apple Valley
19201 Bear Valley Road #A
Apple Valley, CA 92307
(760) 961-6472

Spring Valley Lake CC
13229 Spring Valley Lake Pkwy
Victorville, CA 92395
(760) 245-5356

Mama Carpino's Italian
22010 Highway 18
Apple Valley, CA 92307
(760) 240-9664

Additional Information

Apple Valley Unified School District
11837 Navajo Road
Apple Valley, CA 92308
(760) 247-7206

Program Personnel

Program Coordinator:	Dennis Killion – Ext. 268 Dennis_killion@avusd.org Cell # 760-792-1609
Job Coaches:	Kyle Godfrey – Ext. 285 Kyle_godfrey@avusd.org Cell # 760-221-5566
	Josh McClane – Ext. 143 Josh_mcclane@avusd.org Cell # 760-792-1340
Support Staff:	Sue Dahlke – Ext. 268 Sue_dahlke@avusd.org Cell # 760-985-7575

We can be reached Monday-Friday from 7:00 a.m. to 3:30 p.m. At any time, we can be left a message. When leaving a message, please be as detailed as possible.

Program Expectations for All Student Participants

1. Report to work each day as scheduled, on time and ready to work.
2. Show initiative. Not having to be constantly supervised, but rather, being self-motivated.
3. Come to work well-groomed; follow all worksite rules and regulations.
4. Treat customers, co-workers and supervisors politely and show respect.
5. Be honest and demonstrate a positive attitude.
6. Give the best possible effort and expect quality from your work.

Exhibit 4 to Section 999.5(d)(5)(I)

Vendor: ICEMA

☐ New Agreement **OR** ☑ Existing Agreement (attach most recent annual contract evaluation) update Exhibit "B"

Type of Agreement:

☐ Clinical Affiliation	☐ Physician	☐ Transfer
☐ Service	☐ Software	☐ Staffing
☐ Consulting	☐ Lease	☐ Equipment

☑ Other: MOU ē ICEMA

Effective Date: ~~3-4-2014~~ 11/2014

Expiration Date: 3-3-2024

St. Joseph Health
St. Mary

CONTRACT COVER SHEET

Justification (why is this contract needed?):
Update Exhibit "B" for current MOU ē ICEMA

What is the cost impact of this contract? How did you calculate this amount?: opportunity for Grant money

Documentation attached:

☑ OIG Query
http://exclusions.oig.hhs.gov/

☑ GSA Query
(https://www.sam.gov/portal/public/SAM/#1)

SJHS Legal Review?

☐ Template
☐ e-mail attached
☒ N/A

Does director have invoice sign-off authority up to authorized amount?

☑ Yes ☐ No

Is annual contract evaluation required?

☑ Yes ☐ No

QA/PI (PIAC) Reporting:
If one or more of the following criteria are checked, QA PI reporting is required and the attached document must be integrated at time of evaluation.

☐ Indirect Patient Contact
☐ Direct Patient Contact N/A

Physician Agreements:
Is Fair Market Value within the 25th to 75th percentile? *(If no, Board approval is required)*

☐ Yes ☒ No ☐ N/A

☐ Documentation of Need attached

Reviewed by:

Reviewed by Department Director (Signature) Date 10/21/14

Reviewed by Vice President (Signature) Date

Does this agreement include staff not employed by SMMC? ☐ Yes* ☒ No
** If yes, agreement must be referred to Vice President of Human Resources for review*

N/A
Reviewed by Vice President, Human Resources (Signature) Date

Are other departments involved? ☐ Yes* ☒ No
** If yes, agreement must be referred to involved department Vice President for review*

N/A
Reviewed by Vice President (Signature) Date

N/A
VP, Strategic Services (Signature) for physician contracts only Date

Reviewed by CFO (Signature) Date 10/27/14

Reviewed by COO (Signature) Date 10/28/14

(only physician contracts require CEO review/signature)

N/A
Reviewed by CEO (Signature) Date

Copies sent to:

Finance Department Tracey Fernandez, Shawn Curtis
Department Director John McKinney
Vice President Kelly Linden
Other

Inland Counties Emergency Medical Agency

Serving San Bernardino, Inyo, and Mono Counties

Tom Lynch, EMS Administrator
Reza Vaezazizi, MD, Medical Director

John M.
Please review
and complete for
my signature - note
due to them by
November 3rd
Kelly

September 30, 2014

Alan Garrett, CEO
St. Joseph Health St. Mary
18300 Highway 18
Apple Valley, CA 92307

RE: HOSPITAL PREPAREDNESS PROGRAM FY 2014-15

Dear Mr. Garrett:

The Hospital Preparedness Program (HPP) is currently in its 13th year (FY 2014-15) since inception in 2002 as the National Bioterrorism Hospital Preparedness Program (NBHPP). The Health Resources and Services Administration (HRSA) originally administered the program and provided funding and guidance to hospitals. NBHPP supported increases in stockpiles of equipment, supplies, and pharmaceuticals that would not have been purchased by financially strained institutions without the program.

The Pandemic and All Hazards Preparedness Act (PAHPA) of 2006 created the Office of the Assistant Secretary for Preparedness and Response (ASPR) within the U.S. Department of Health and Human Services (HHS) and transferred the NBHPP to ASPR which is responsible for a wide array of preparedness and response capabilities, which include; the National Disaster Medical System (NDMS) its Disaster Medical Assistance Teams (DMATs), the Biomedical Research and Development Authority (BARDA), the National Health Security Strategy (NHSS), and the Hospital Preparedness Program (HPP).

The County of San Bernardino has participated in the HRSA National Bioterrorism Hospital Preparedness Program (now known as HPP) since 2001. The Inland Counties Emergency Medical Agency (ICEMA) is the Local HPP Entity that is under contract with the California Department of Public Health-Emergency Preparedness Office (CDPH-EPO) to meet these requirements and is responsible for oversight of the HPP grant and its sub-recipients.

On September 9, 2014, the County Board of Supervisors, acting as the Governing Board of ICEMA, approved a multi-year contract with the CDPH-EPO. This contract will allow ICEMA to continue the HPP through acceptance of a grant award from CDPH-EPO in the amount of $1,665,513 ($555,171 per annum) for the period July 1, 2013, through June 30, 2017, contingent on availability of grant funding.

Participation in the HPP increases San Bernardino County's ability to obtain and provide effective mutual aid in a disaster and aids in ensuring greater cost recovery for County disaster services from agencies such as the Federal Emergency Management Agency (FEMA). The current award

for fiscal year (FY) 2014-15 is a decrease of 13.5 percent (13.5%) from the previous year's award of $694,893.

ICEMA modified the allocation and reimbursement process in FY 2013-14 and will continue the process for FY 2014-15. To meet revised grant requirements, we request that you replace the FY 13-14 EXHIBIT B - Scope of Work (SOW) Deliverables Agreement of the HPP MOU you have on file with the enclosed FY 14-15 EXHIBIT B - Scope of Work (SOW) Deliverables Agreement. Replacing EXHIBIT B each FY eliminates the need to sign a revised MOU to meet revised grant requirements.

The SOW Deliverables Agreement requires the HPP Participating Healthcare Facilities to submit a new letter (enclosed) identifying the staff assigned to meet the revised grant requirements, as specified in the FY 14-15 EXHIBIT B. Please submit the letter with an original signature on your facility's letterhead on or before November 3, 2014. ***This letter is a required deliverable to be eligible for funding.***

If you have any questions, please contact Jerry Nevarez, RN, HPP Coordinator, at (909) 388-5823 or via e-mail at jerry.nevarez@cao.sbcounty.gov.

Sincerely,

Tom Lynch
EMS Administrator

TL/JN/jlm

Enclosures

c: Jerry Nevarez, RN, HPP Coordinator, ICEMA
Healthcare Facility Disaster Coordinator
File Copy

St. Joseph Health
St. Mary

November 4, 2014

Inland Counties EMS Agency (ICEMA)
Attn: Hospital Preparedness Program (HPP)
1425 S. 'D' Street
San Bernardino, CA 92415-0060

To Whom It May Concern:

St. Mary Medical Center understands that full participation in the Hospital Preparedness Program (HPP) is necessary to ensure that the Operational Area San Bernardino County is meeting its disaster planning and response responsibilities. ICEMA is the Local HPP Entity that is under contract with the California Department of Public Health-Emergency Preparedness Office (CDPH-EPO) to meet these requirements and is responsible for oversight of the HPP grant and its sub-recipients.

St. Mary Medical Center identifies Robert Hill as the primary participant and John McKinney as the alternate to meet MOU and grant requirements as specified in EXHIBIT B of the Memorandum of Understanding (MOU). This letter certifies that the above identified employees are a key and essential part of the Healthcare Preparedness Planning Partnership (HP3) Coalition and participation is vital to ensuring grant compliance. The level of participation will determine the allocation as specified in EXHIBIT B of the MOU.

The MOU participant's responsibilities and involvement include:

1. Update disaster contacts as necessary
2. Schedule on-site inspections/audits
3. Participate in exercises and drills as specified in EXHIBIT B
4. Submission of internal plans as specified in EXHIBIT B
5. Participate in trainings as specified in EXHIBIT B
6. Attendance at coalition meetings as specified in EXHIBIT B
7. Submission of Hazard Vulnerability Analysis
8. Conduct Annual Haz-Mat Practice/Refresher training
9. Submission of invoices for reimbursement as specified by ICEMA/HPP

Sincerely,

Kelly Linden,
EVP/COO

18300 Highway 18 • Apple Valley, CA 92307
T: (760) 242-2311
www.stmaryappleyvalley.com

EXHIBIT B

HOSPITAL PREPAREDNESS PROGRAM FY 2014-2015 PARTICIPANTS SCOPE OF WORK (SOW) DELIVERABLES For: General Acute Care Hospitals (GACH)

St. Mary Medical Center agrees to accomplish and provide the following documentation to the HPP Coordinator on or before the following dates:

DELIVERABLE	ALLOCATION %
MOU CONTACTS: Due November 3, 2014. Job description and appointment letter from your Administration naming primary and alternate staff to represent the facility at the Coalition Meetings and activities.	**Eligibility Requirement**
HOSPITAL DISASTER CONTACTS: Due November 3, 2014. Update Disaster Contacts in ICEMA approved format and maintain throughout the year. Submit update when your facility has changes in staff/positions.	**Eligibility Requirement**
EQUIPMENT ON SITE INSPECTION COMPLETED BY APRIL 15, 2015: Visual inspections of storage area(s), physical inspection of redundant communications capability, and water heaters (have at least one set-up to heat water). Refrigerated container needs to be powered up by your staff. Have a copy of your equipment inspection/preventative maintenance documentation ready for reviewers.	**Eligibility Requirement**
EXERCISE PARTICIPATION: 2014 STATEWIDE MEDICAL AND HEALTH TRAINING EXERCISE (SMHTE) a. Intent to Participate form filed (deadline set by Public Health). b. Participation includes: • All four phases of exercise: training, self-assessment, TTX and Med/Health EX in November • November Exercise may be: discussion, table-top, functional or full scale at your facility (indicate type on Intent to Participate form). *Submit copy of attendance roster to HPP Coordinator with After Action Report (AAR).* c. **AAR due December 31, 2014** in format approved by Public Health. OTHER EXERCISES, DRILLS, POLLS a. HAvBED drills and polls. Target is 100% compliance. b. ReddiNet drills and polls. Target is 90% compliance. c. Radio network call down drills. Target is 75% compliance.	**Eligibility Requirement**

EXHIBIT B

HOSPITAL PREPAREDNESS PROGRAM FY 2014-2015 PARTICIPANTS
SCOPE OF WORK (SOW) DELIVERABLES
For: General Acute Care Hospitals (GACH)

Continuity of Operations (COOP PLAN) (Draft acceptable): Due December 1, 2014.	**5 %**
VOLUNTEER MANAGEMENT PLAN (Draft acceptable): Due December 1, 2014.	**5 %**
INTERNAL SURGE PLAN (with triggers): Due December 1, 2014. *Participation in the internal surge triggers survey to be conducted jointly by HPP and Public Health is required for HPP Participating GACH.*	**10%**
FATALITY PLAN: Due by December 1, 2014.	**5 %**
EOM Training Attendance (as evidenced by sign-in sheets).	**10 %**
COALITION MEETINGS: Participation in the HP3 Coalition Meetings 2014- 2015 as outlined in the by-laws and evidenced by attendance records. *Failure to attend minimum (6/10 meetings) will result in loss of 50% allocation).*	**50 %**
HAZARD VULNERABILITY ANALYSIS: Due by April 30, 2015.	**10 %**
PRACTICE/REFRESHER & ADDITIONAL TRAINING: Haz-Mat Teams-Training (or real event) participant sign-in sheets are due to HPP Coordinator on or before April 15, 2015. (*include roster of all team members).*	**5 %**
TOTAL ALLOCATION	**100 %**

Vendor: Inland Counties Emergency Medical Agency (ICEMA) - Hospital Preparedness Program

☐ New Agreement **OR** ☒ Existing Agreement (attach most recent annual contract evaluation)

Type of Agreement:

☐ Clinical Affiliation	☐ Physician	☐ Transfer
☒ Service	☐ Software	☐ Staffing
☐ Consulting	☐ Lease	☐ Equipment
☒ Other: Disaster Equipment		

Effective Date: March 4, 2014

Expiration Date: March 3, 2024

St. Joseph Health
St. Mary

CONTRACT COVER SHEET

Justification (why is this contract needed?):
STANDARD CONTRACT UPDATED MOU FROM ICEMA to replace current contract agreement

What is the cost impact of this contract? How did you calculate this amount?: VARIES DUE TO EQUIPMENT UPKEEP AND NEEDS, MATCHING GRANT FUNDS VARY YEAR TO YEAR.

Documentation attached:

☒ OIG Query
http://exclusions.oig.hhs.gov/

☒ GSA Query
(https://explore.data.gov/Information-and-Communications/Excluded-Parties-List-System-EPLS-/bxfh-jivs

SJHS Legal Review?

☐ Template
☐ e-mail attached
☒ N/A

Does director have invoice sign-off authority up to authorized amount?

☐ Yes ☐ No N/A

Is annual contract evaluation required?

☒ Yes ☐ No

QA/PI (PIAC) Reporting:
If one or more of the following criteria are checked, QA PI reporting is required and the attached document must be integrated at time of evaluation.

☐ Indirect Patient Contact
☐ Direct Patient Contact

Physician Agreements:
Is Fair Market Value within the 25th to 75th percentile? *(If no, Board approval is required)*

☐ Yes ☒ No ☒ N/A

☐ Documentation of Need attached

Reviewed by:

[signature] 2-24-14
Reviewed by Department Director (Signature) Date

see below
Reviewed by Vice President (Signature) Date

Does this agreement include staff not employed by SMMC? ☐ Yes* ☒ No
** If yes, agreement must be referred to Vice President of Human Resources for review*

N/A
Reviewed by Vice President, Human Resources (Signature) Date

Are other departments involved? ☐ Yes* ☒ No
** If yes, agreement must be referred to involved department Vice President for review*

N/A
Reviewed by Vice President (Signature) Date

N/A
VP, Strategic Services (Signature) for physician contracts only Date

[signature] 2/25/14
Reviewed by CFO (Signature) Date

[signature] 2/26/14
Reviewed by COO (Signature) Date

(only physician contracts require CEO review/signature)

N/A
Reviewed by CEO (Signature) Date

Copies sent to:

Finance Department Tracey Fernandez, A/P
Department Director John McKinney
Vice President Kelly Linden
Other Robert Hill

S

Inland Counties Emergency Medical Agency

Serving San Bernardino, Inyo, and Mono Counties

Tom Lynch, EMS Administrator
Reza Vaezazizi, MD, Medical Director

March 4, 2014

Alan Garrett, CEO
St. Mary Medical Center
18300 Highway 18
Apple Valley, CA 92307

RE: HOSPITAL PREPAREDNESS PROGRAM (HPP) MEMORANDUM OF UNDERSTANDING (MOU) FY 2013-14

Dear Mr. Garrett:

Enclosed you will find the signed original HPP Memorandum of Understanding (MOU) for your files.

Should you have any questions, please feel free to contact Jerry Nevarez, RN, HPP Coordinator, at (909) 388-5823 or via e-mail at Jerry.Nevarez@cao.sbcounty.gov.

Sincerely,

Tom Lynch
EMS Administrator

TL/JN/jlm

Enclosure

c: Jerry Nevarez, RN, HPP Coordinator, ICEMA
Disaster Coordinator
File Copy

INLAND COUNTIES EMERGENCY MEDICAL AGENCY

F A S

STANDARD CONTRACT

FOR OFFICIAL USE ONLY

☒ New ☐ Change ☐ Cancel	FAS Vendor Code	SC	Dept. ICM	A	Contract Number
ePro Vendor Number					ePro Contract Number
INLAND COUNTIES EMERGENCY MEDICAL		Dept. ICM	Orgn. HP12		Contractor's License No.
Contract Representative: Thomas G. Lynch, EMS Administrator		Telephone: (909)388-5823			Total Contract Amount

Contract Type: ☐ Revenue ☐ Encumbered ☐ Unencumbered ☒ Other:

If not encumbered or revenue contract type, provide reason: _____

Commodity Code	Contract Start Date	Contract End Date	Original Amount	Amendment Amount
			$	$

Fund	Dept.	Organization	Appr.	Obj/Rev Source	GRC/PROJ/JOB No	Amount
SMI	ICM	HP12				$
						$
						$

Project Name: Memorandum of Understanding For HPP Equipment

Estimated Payment Total by Fiscal Year

FY	Amount	I/D	FY	Amount	I/D

THIS CONTRACT is entered into in the State of California by and between the **INLAND COUNTIES EMERGENCY MEDICAL AGENCY**, hereinafter called **ICEMA**, and **ST. MARY MEDICAL CENTER**

Name: St. Mary Medical Center — hereinafter called CONTRACTOR

Address: 18300 Highway 18

Apple Valley, CA 92307

Telephone: (760) 242-2311 — Federal ID No. or Social Security No.:

IT IS HEREBY AGREED AS FOLLOWS:

MEMORANDUM OF UNDERSTANDING BETWEEN INLAND COUNTIES EMERGENCY MEDICAL AGENCY AND ST. MARY MEDICAL CENTER

This Memorandum of Understanding (MOU) is entered into by and between Inland Counties Emergency Medical Agency (hereinafter referred to as ICEMA) and St. Mary Medical Center (hereinafter referred to as the CONTRACTOR) and shall be effective as of the last signature date below.

RECITALS

WHEREAS, ICEMA and the CONTRACTOR have entered into this MOU with reference to the following circumstances:

WHEREAS, ICEMA has entered into the U.S. Department of Health and Human Services, (USDHHS) Office of the Assistant Secretary for Preparedness and Response, (ASPR) Hospital Preparedness Program (HPP) Grant Agreement, effective annually July 1st through June 30th, pursuant to a Federal pass-through grant to the State of California Department of Public Health (CDPH) to enhance the County of San Bernardino's capabilities to respond to terrorist and other medical and public health threats ("Local Funding Agreement");

WHEREAS, the services described in the annual HPP Local Funding Agreement will be performed at local facilities under ICEMA's scope of influence and ICEMA desires to provide CONTRACTOR with equipment, supplies, funding and/or other benefits to provide such services;

WHEREAS, the CONTRACTOR is required to comply with all applicable requirements of the Local Funding Agreement, whose terms or conditions CDPH requires the County to impose on its subcontractors;

NOW, therefore, based on the foregoing recitals, which the parties agree to be true and correct, it is mutually agreed as follows:

A. DEFINITION OF TERMS

1. **ALS** - Advanced Life Support
2. **ARRA** - American Recovery and Reinvestment Act of 2009
3. **ASPR** - Assistant Secretary for Preparedness and Response
4. **BLS** - Basic Life Support
5. **CAHAN** - California Health Alert Network
6. **CDPH** - California Department of Public Health
7. **City** - Municipality in which the facility is located
8. **DOC** - Department Operations Center
9. **EOC** - Emergency Operations Center
10. **HCC** - Hospital Command Center
11. **HICS** - Hospital Incident Command System
12. **HPP** - Hospital Preparedness Program
13. **ICEMA** - Inland Counties Emergency Medical Agency
14. **ICS** - Incident Command System
15. **JIC** - Joint Information Center
16. **MHOAC** - Medical/Health Operational Area Coordinator
17. **NIMS** - National Incident Management System
18. **OES** - Office of Emergency Services
19. **PH** - Public Health

20. **SEMS** - Standardized Emergency Management System

21. **USDHHS** - U.S. Department of Health and Human Services

B. CONTRACTOR shall:

1. Comply with the terms and conditions of the annual HPP Local Funding Agreement (EXHIBIT A) and its successors including any amendments thereto, and specifically the following numbered provisions: 1, 2, 3, 4, 5, 6, 7, 8, 10, 11, 12, 13, 14, 17, 19, 20, 24 and 31. If there is any conflict between this MOU and the Local Funding Agreement, the requirements of the Local Funding Agreement shall control.

2. Identify a point of contact (POC) and an alternate to participate in Hospital Preparedness Program (HPP) meetings and activities as specified in the annual guidance issued by the HPP Coordinator (EXHIBIT B). EXHIBIT B is subject to change to meet annual grant guidance issued by CDPH.

3. Submit to ICEMA a point of contact as well as a back-up person responsible for maintenance of emergency preparedness supplies and equipment, as referred to in Section C, in a format designated by ICEMA.

4. Participate in the County's Emergency Planning activities (e.g., Healthcare Surge and Fatality Management) and integrate said plans into the CONTRACTOR's Emergency Operations Plan.

5. Purchase, store and maintain emergency preparedness equipment and supplies referred to in Section C to include, but not limited to:

   a. Provide secure, temperature-controlled storage facility for the equipment and supplies.

   b. Maintain responsibility for the service and maintenance of equipment and supplies provided under this MOU according to manufacturer's specifications.

   c. Be prepared to provide necessary gasoline to run generator(s) and propane to fuel forced air heaters.

   d. Maintain and administer a sound business program for ensuring the proper use, protection, insurance, and preservation of the equipment granted under this MOU. This includes submission of corrective action and/or improvement plans to ICEMA as a result of inspections/audits.

   e. Be prohibited from selling, transferring, or otherwise disposing of any equipment or supplies granted under this MOU without prior written approval of ICEMA.

   f. Submit a quarterly inventory of all HPP funded equipment and/or supplies to the HPP Coordinator using a format designated by ICEMA.

   g. Report in writing any irreparable damage, loss or lack of availability of equipment and supplies to ICEMA (quarterly report may be used to fulfill this requirement).

6. Take reasonable steps to ensure that all equipment and supplies granted under this MOU are made available for use pursuant to a bonafide request for mutual aid or inter-agency disaster assistance.

7. Provide twenty-four (24) hour, seven (7) days-a-week accessibility to the equipment and supplies for ICEMA staff or designees for an immediate response to an event, should it occur.

8. Provide documentation to ICEMA on the use of any supplies and equipment, using a format designated by ICEMA.

9. Provide ICEMA with a written policy regarding maintenance schedule and specific location of equipment and supplies within (60) sixty days of receipt of the equipment and supplies.

10. Follow all applicable laws, regulations, ordinances, policies, and procedures when utilizing the equipment.

11. Maintain responsibility for monthly service fees for satellite telephones, cell phones, radios, Internet connection, etc.

12. Maintain and preserve any pertinent books, papers and records related to this MOU until three years after termination of the Local Funding Agreement and final payment from CDPH to ICEMA; permit CDPH or any duly authorized representative to have access to, examine or audit any pertinent books, papers and records related to this MOU; and allow interviews of any employees who might reasonably have information related to such records.

C. **ICEMA,** as the sub-recipient of the federal funds, shall:

1. Provide the CONTRACTOR with equipment, supplies, funding and/or other benefit included in the Local Funding Agreement to provide services to enhance the County's capabilities to respond to terrorist and other medical and public health threats. Such equipment, supplies, funding and/or other benefit shall be allocated based on a work plan and budget developed and endorsed by a Healthcare Coalition comprised of ICEMA staff and hospital designees and subsequently approved by CDPH (EXHIBIT B). EXHIBIT B shall be updated each funding cycle and automatically incorporated into the MOU.

2. Retain stewardship and maintain an electronic inventory of equipment and supplies for the duration of useful life which includes:

   a. Description of equipment with manufacturer's make, model and serial numbers.

   b. Location and condition of equipment.

   c. Conduct an annual inspection/audit of inventory and supply a written report of findings to the CONTRACTOR described in this MOU.

3. Be prohibited from selling, transferring, or otherwise disposing of any equipment or supplies granted under this MOU without prior written notification to CONTRACTOR.

4. Provide CONTRACTOR with a copy of the HPP Local Funding Agreement upon receipt of annual allocation, which shall be automatically incorporated into this MOU under EXHIBIT A.

D. EDUCATION, TRAINING, AND EXERCISES

The parties agree:

1. To follow all applicable laws, regulations, ordinances, policies, and procedures.

2. To participate in competency-based education and training program, as specified in the HPP Local Funding Agreement to assist in preparing for response to terrorist acts, and other medical or public health emergencies. This will minimally include:

   a. National Incident Management System compliance as specified in Homeland Security Presidential Directive (HSPD)-5, "Management of Domestic Incidents" Incident Command System (ICS) courses; IS-100.HCb, IS-200.HCa, IS-700.a, and IS-800b.

   b. Standardized Emergency Management System (SEMS) of California (participation in the CA Department of Public Health and Medical Emergency Operations Manual (EOM) may be used to meet this requirement).

3. To participate in emergency drills and exercises as specified in the HPP Local Funding Agreement to assist in preparing for response to terrorist acts, and other medical or public health emergencies.

E. MUTUAL AID

1. This Section E of the MOU signifies the belief and commitment of ICEMA and the CONTRACTOR that in the event of large-scale, catastrophic emergencies, the medical needs of the community will be best met if the CONTRACTOR cooperates with ICEMA and other Contractors to coordinate their response efforts.

2. Mutual aid support is a well-established emergency management concept and addresses the sharing of resources during emergencies. A CONTRACTOR participating in the Preparedness Program shall provide assistance to other Contractors and healthcare entities as possible, without compromising their own facility's responsibilities.

3. Should a disaster occur, natural or man-made, an overwhelming number of patients would likely exceed the resources of any one facility, resulting in the need for a coordinated response that includes the potential for coordinating supplies, material and safety and security. Mutual Aid shall be coordinated by the Local EMS Agency and/or the Department of Public Health, acting as the Medical/Health Operational Area Coordinator for the County.

4. This Section E addresses the relationships between and among the CONTRACTOR, ICEMA and other Contractors who have entered into an MOU with ICEMA pursuant to the Local Funding Agreement and is intended to augment, not replace, the CONTRACTOR's disaster plan.

5. By signing this MOU, the CONTRACTOR is evidencing its intent to comply with the provisions of this Section E in the event of a medical or public health emergency. The actions detailed in this section of the MOU are to be incorporated into the CONTRACTOR's Emergency Operations Plan.

6. The CONTRACTOR agrees to make a reasonable attempt to comply with the following protocol for Communication Among Parties During a Medical or Public Health Emergency:

   a. Communicate and coordinate efforts to respond to an emergency primarily via the CONTRACTOR's liaison officers, public information officers, and incident commanders (or his/her designee). Initial contact and requests to the respective City may be made to the respective City Dispatch Center or Emergency Manager pending activation of the City EOC. For facilities located in unincorporated areas, contact is to be made through ICEMA or the County EOC.

   b. Receive alert information via the ReddiNet System regarding any emergency or special incident. In addition, select individuals within the CONTRACTOR's facility (e.g., infection control practitioner, emergency department manager, disaster coordinator) to receive information via the California Health Alert Network (CAHAN). Ensure that ReddiNet is monitored at all times and that all polls and inquiries sent are answered in a timely manner.

   c. Communicate between the CONTRACTOR's Command Center, City EOC, ICEMA's Department Operations Center, or in a Public Health emergency with the Public Health Department Operations Center by phone, fax, and email. Additionally, maintain radio capability for communication needs as a minimum back-up (800 MHz and/or RACES).

   d. To the extent possible, coordinate the release of information with the San Bernardino County Joint Information Center, when activated. The Joint Information Center is coordinated by the County Office of Emergency Services (OES), with the intent of facilitating communications between public information personnel to release consistent community and media educational and/or advisory messages.

7. The respective City emergency management coordinator will be integrated into the CONTRACTOR's notification system and shall be alerted/notified as part of any disaster notification. If the CONTRACTOR's facility is not in a city or town, the CONTRACTOR will notify ICEMA's Duty Officer, or failing to reach ICEMA, the County Emergency Operations Center of any disaster notification. ICEMA's Duty Officer will be included in all notifications regardless of CONTRACTOR location.

8. The CONTRACTOR agrees to make a reasonable attempt to comply with the following protocol for Ongoing Communication Among Parties During a Medical or Public Health Emergency:

   a. Designate a representative and an alternate to meet at least monthly as part of the Healthcare Coalition consisting of other Contractors, stakeholders and partners to discuss continued emergency response issues and coordination of response efforts.

   b. Identify primary point of contact and back-up individuals for ongoing and emergency communication purposes (including ReddiNet, CAHAN, radio, etc.) in a format designated by ICEMA. These individuals will be responsible for determining the distribution of information within their organizations.

c. Provide primary and back-up contact information for key personnel in a format designated by ICEMA. Information must be updated as necessary, e.g., vacancies (temporary or permanent), change of personnel, position or responsibilities, etc.

9. Forced Evacuation of CONTRACTOR

a. If a medical or public health emergency affects the CONTRACTOR, forcing partial or complete facility evacuation, the respective City Emergency Manager and ICEMA Duty Officer shall be notified immediately.

b. In the event of an evacuation, ICEMA Duty Officer shall be the CONTRACTOR point of contact to assist with organizing transportation (bus, wheelchair/gurney van, ambulance, critical care transport) for the evacuation and ICEMA will distribute patients equitably and appropriately to an unaffected Contractor.

10. Supplies, Medical Supplies, and Pharmaceutical Supplies In The Event Of a Disaster

a. In the event that needed medical supplies are not readily available to the CONTRACTOR, requests will be coordinated through ICEMA's Departmental Operations Center (DOC), the County Emergency Operation Center (EOC) Medical/Health Branch, acting as the Medical Health Operational Area Coordinator (MHOAC), if activated.

b. In the event that needed ordinary supplies, such as food, water and fuel, are not readily available to the CONTRACTOR, requests will be communicated to the respective City EOC. For facilities located in unincorporated areas, contact is to be made through ICEMA or the County EOC.

c. Documentation: All requests by the CONTRACTOR will be documented on the appropriate CONTRACTOR Incident Command System forms. Documentation should detail the items involved in the transaction, condition of the material prior to the loan (if applicable), and the party responsible for the material.

11. Safety and Security

a. The CONTRACTOR, recognizing the desirability of maintaining the CONTRACTOR in an operational status for as long as possible, agrees to coordinate with the City/Law Enforcement agency to ensure the provision of resources necessary to preserve an orderly and safe condition on streets that access the CONTRACTOR, primarily the CONTRACTOR'S Operations Center.

b. The CONTRACTOR shall coordinate with the City/Law Enforcement agency to develop an ingress/egress plan for access to the CONTRACTOR. The CONTRACTOR will communicate that ingress/egress plan with ICEMA to inform EMS transport providers.

c. The CONTRACTOR shall obtain pre-incident direction on evidence collection and safe guarding.

F. AMERICAN-RECOVERY AND REINVESTMENT ACT FUNDING (ARRA)

Use of ARRA Funds and Requirements
This Agreement may be funded in whole or in part with funds provided by the American Recovery and Reinvestment Act of 2009 ("ARRA"), signed into law on February 17, 2009. Section 1605 of ARRA prohibits the use of recovery funds for a project for the construction, alteration, maintenance or repair of a public building or public work (both as defined in 2 CFR 176.140) unless all of the iron, steel and manufactured goods (as defined in 2 CFR 176.140) used in the project are produced in the United States. A waiver is available under three (3) limited circumstances: (i) Iron, steel or relevant manufactured goods are not produced in the United States in sufficient and reasonable quantities and of a satisfactory quality; (ii) Inclusion of iron, steel or manufactured goods produced in the United States will increase the cost of the overall project by more than 25 percent; or (iii) Applying the domestic preference would be inconsistent with the public interest. This is referred to as the "Buy American" requirement. Request for a waiver must be made to ICEMA for an appropriate determination.

Section 1606 of ARRA requires that laborers and mechanics employed by contractors and subcontractors on projects funded directly by or assisted in whole or in part by and through the Federal Government pursuant to ARRA shall be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the Secretary of Labor in accordance with the Davis-Bacon Act (40 U.S.C. 31). This is referred to as the "wage rate" requirement.

The above described provisions constitute notice under ARRA of the Buy American and wage rate requirements. Proposer must contact the ICEMA contact if it has any questions regarding the applicability or implementation of the ARRA Buy American and wage rate requirements. Proposer will also be required to provide detailed information regarding compliance with the Buy American requirements, expenditure of funds and wages paid to employees so that ICEMA may fulfill any reporting requirements it has under ARRA. The information may be required as frequently as monthly or quarterly. Proposer agrees to fully cooperate in providing information or documents as requested by ICEMA pursuant to this provision. Failure to do so will be deemed a default and may result in the withholding of payments and termination of this Agreement.

Proposer may also be required to register in the Central Contractor Registration (CCR) database at http://www.ccr.gov and may be required to have its subcontractors also register in the same database. Proposer must contact ICEMA with any questions regarding registration requirements.

Schedule of Expenditure of Federal Awards
In addition to the requirements described in "Use of ARRA Funds and Requirements," proper accounting and reporting of ARRA expenditures in single audits is required. Proposer agrees to separately identify the expenditures for each grant award funded under ARRA on the Schedule of Expenditures of Federal Awards (SEFA) and the Data Collection Form (SF-SAC) required by the Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Nonprofit Organizations." This identification on the SEFA and SF-SAC shall include the Federal award number, the Catalog of Federal Domestic Assistance (CFDA) number, and amount such that separate accountability and disclosure is provided for ARRA funds by Federal award number consistent with the recipient reports required by ARRA Section 1512 (c).

In addition, Proposer agrees to separately identify to each subcontractor and document at the time of subcontract and at the time of disbursement of funds, the Federal award number, any special CFDA number assigned for ARRA purposes, and amount of ARRA funds.

Proposer may be required to provide detailed information regarding expenditures so that ICEMA may fulfill any reporting requirements under ARRA described in this section. The information may be required as frequently as monthly or quarterly. Proposer agrees to fully cooperate in providing information or documents as requested by ICEMA pursuant to this provision. Failure to do so will be deemed a default and may result in the withholding of payments and termination of this Agreement.

Whistleblower Protection
Proposer agrees that both it and its subcontractors shall comply with Section 1553 of the ARRA, which prohibits all non-Federal contractors, including the State, and all contractors of the State, from discharging, demoting or otherwise discriminating against an employee for disclosures by the employee that the employee reasonably believes are evidence of: (1) gross mismanagement of an Agreement relating to ARRA funds; (2) a gross waste of ARRA funds; (3) a substantial and specific danger to public health or safety related to the implementation or use of ARRA funds; (4) an abuse of authority related to the implementation or use of recovery funds; or (5) a violation of law, rule, or regulation related to an agency Agreement (including the competition for or negotiation of an Agreement) awarded or issued relating to ARRA funds.

Contractor agrees that it and its subcontractors shall post notice of the rights and remedies available to employees under Section 1553 of Division A, Title XV of the ARRA.

G. Indemnification and Insurance Requirements

1. Indemnification
The CONTRACTOR agrees to indemnify, defend (with counsel reasonably approved by ICEMA and San Bernardino County) and hold harmless ICEMA and San Bernardino County and its authorized officers, employees, agents and volunteers from any and all claims, actions, losses, damages and/or liability arising out of this Agreement from any cause whatsoever, including the acts, errors or omissions of any person and for any costs or expenses incurred by ICEMA or San Bernardino County on account of any claim except where such indemnification is prohibited by law. This indemnification provision shall apply regardless of the existence or degree of fault of indemnities. The CONTRACTOR indemnification obligation applies to ICEMA and San Bernardino County's "active" as well as "passive" negligence but does not apply to ICEMA's "sole negligence" or "willful misconduct" within the meaning of Civil Code Section 2782.

2. Basic Insurance Requirements
Additional Insured
All policies, except for the Workers' Compensation, Errors and Omissions and Professional Liability policies shall contain additional endorsements naming ICEMA, San Bernardino County and its officers, employees, agents and volunteers as additional insureds with respect to liabilities arising out of the performance of services hereunder. The additional insured endorsements shall not limit the scope of coverage for ICEMA to vicarious liability but shall allow coverage for ICEMA and San Bernardino County to the full extent provided by the policy. Such additional insured coverage shall be at least as broad as Additional Insured (Form B) endorsement form ISO, CG 2010.11 85.

Waiver of Subrogation Rights
The CONTRACTOR shall require the carriers of required coverages to waive all rights of subrogation against ICEMA or San Bernardino County, its officers, employees, agents, volunteers, contractors, and subcontractors. All general or auto liability insurance coverage provided shall not prohibit the CONTRACTOR and CONTRACTOR's employees or agents

from waiving the right of subrogation prior to a loss or claim. The CONTRACTOR hereby waives all rights of subrogation against ICEMA and San Bernardino County.

Policies Primary and Non-Contributory
All policies required above are to be primary and non-contributory with any insurance or self-insurance programs carried or administered by ICEMA.

Severability of Interests
The CONTRACTOR agrees to ensure that coverage provided to meet these requirements is applicable separately to each insured and there will be no cross liability exclusions that preclude coverage for suits between the CONTRACTOR and ICEMA or between ICEMA and any other insured or additional insured under the policy.

Proof of Coverage
The CONTRACTOR shall furnish certificates of insurance to ICEMA evidencing the insurance coverage at the time the Agreement is executed, additional endorsements, as required shall be provided prior to the commencement of performance of services hereunder, which certificates shall provide that such insurance shall not be terminated or expire without thirty (30) days written notice to the Department(s) and CONTRACTOR shall maintain such insurance from the time CONTRACTOR commences performance of services hereunder until the completion of such services. Within fifteen (15) days of the commencement of this Agreement, the CONTRACTOR shall furnish a copy of the Declaration page for all applicable policies and will provide complete certified copies of the policies and all endorsements immediately upon request.

Acceptability of Insurance Carrier
Unless otherwise approved by Risk Management, insurance shall be written by insurers authorized to do business in the State of California and with a minimum "Best" Insurance Guide rating of "A-VII".

Deductibles and Self-Insured Retention
Any and all deductibles or self-insured retentions in excess of $10,000 shall be declared to and approved by Risk Management.

Failure to Procure Coverage
In the event that any policy of insurance required under this Agreement does not comply with the requirements, is not procured, or is canceled and not replaced, ICEMA has the right but not the obligation or duty to cancel the Agreement or obtain insurance if it deems necessary and any premiums paid by ICEMA will be promptly reimbursed by the CONTRACTOR or ICEMA payments to the CONTRACTOR(s)/Applicant(s) will be reduced to pay for County purchased insurance.

Insurance Review
Insurance requirements are subject to periodic review by ICEMA and San Bernardino County, Department of Risk Management. The Director of Risk Management or designee is authorized, but not required, to reduce, waive or suspend any insurance requirements whenever Risk Management determines that any of the required insurance is not available, is unreasonably priced, or is not needed to protect the interest of ICEMA. In addition, if the Department of Risk Management determines that heretofore unreasonably priced or unavailable types of insurance coverage or coverage limits become reasonably priced or available, the Director of Risk Management or designee is authorized, but not required, to change the above insurance requirements to require additional types of insurance coverage

or higher coverage limits, provided that any such change is reasonable in light of past claims again ICEMA, inflation, or any other item reasonably related to ICEMA's risk.

Any change requiring additional types of insurance coverage or higher coverage limits must be made by amendment to this Agreement. CONTRACTOR agrees to execute any such amendment within thirty (30) days of receipt.

Any failure, actual or alleged, on the part of ICEMA to monitor or enforce compliance with any of the insurance and indemnification requirements will not be deemed as a waiver of any rights on the part of ICEMA.

Insurance Specifications
The CONTRACTOR agrees to provide insurance set forth in accordance with the requirements herein. If the CONTRACTOR uses existing coverage to comply with these requirements and that coverage does not meet the specified requirements, the CONTRACTOR agrees to amend, supplement or endorse the existing coverage to do so.

Without in anyway affecting the indemnity herein provided and in addition thereto, the CONTRACTOR shall secure and maintain throughout the Agreement term the following types of insurance with limits as shown:

Workers' Compensation/Employers Liability
A program of Workers' Compensation insurance or a State-approved Self-Insurance Program in an amount and form to meet all applicable requirements of the Labor Code of the State of California, including Employer's Liability with $250,000 limits, covering all persons including volunteers providing services on behalf of the CONTRACTOR and all risks to such persons under this Agreement.

If CONTRACTOR has no employees, it may certify or warrant to ICEMA that it does not currently have any employees or individuals who are defined as "employees" under the Labor Code and the requirement for Workers' Compensation coverage will be waived by ICEMA's Director of Risk Management.

With respect to CONTRACTORs that are non-profit corporations organized under California or Federal law, volunteers for such entities are required to be covered by Workers' Compensation insurance.

Commercial/General Liability Insurance
The CONTRACTOR shall carry General Liability Insurance covering all operations performed by or on behalf of the CONTRACTOR providing coverage for bodily injury and property damage with a combined single limit of not less than one million dollars ($1,000,000), per occurrence. The policy coverage shall include:

1) Personal Injury
2) Contractual liability
3) $2,000,000 general aggregate limit

Automobile Liability Insurance
Primary insurance coverage shall be written on ISO Business Auto coverage form for all owned, hired and non-owned automobiles or symbol 1 (any auto). The policy shall have a combined single limit of not less than one million dollars ($1,000,000) for bodily injury and property damage, per occurrence.

If the CONTRACTOR is transporting one or more non-employee passengers in performance of Agreement services, the automobile liability policy shall have a combined single limit of two million dollars ($2,000,000) for bodily injury and property damage per occurrence.

If the CONTRACTOR owns no autos, a non-owned auto endorsement to the General Liability policy described above is acceptable.

Umbrella Liability Insurance
An umbrella (over primary) or excess policy may be used to comply with limits or other primary coverage requirements. When used, the umbrella policy shall apply to bodily injury/property damage, personal injury/advertising injury and shall include a "dropdown" provision providing primary coverage for any liability not covered by the primary policy. The coverage shall also apply to automobile liability.

Professional Services Requirements
Professional Liability - Professional Liability Insurance with limits of not less than one million ($1,000,000) per claim or occurrence and two million ($2,000,000) aggregate limits

or

Errors and Omissions Liability Insurance with limits of not less than one million ($1,000,000) and two million ($2,000,000) aggregate limits

If insurance coverage is provided on a "claims made" policy, the "retroactive date" shall be shown and must be before the date of the start of the Agreement work. The claims made insurance shall be maintained or "tail" coverage provided for a minimum of five (5) years after Agreement completion.

H. TERM AND TERMINATION

The term of this MOU shall be from the date this MOU is executed by both parties and remain in effect for ten (10) years or for the useful life of the equipment and supplies. Either party may terminate this MOU upon thirty (30) days written notice. Should either party terminate this MOU, the terminating party shall be responsible for all costs associated with the termination of the MOU. Such costs include, but not limited to, the cost of return/disposition/destruction of the equipment and supplies. Should the CONTRACTOR's facility close (terminate operations), ICEMA will be notified of the closure. The equipment and supplies will be returned to ICEMA for redistribution to another location within the County at the discretion of ICEMA.

I. RELATIONSHIP OF PARTIES; INDEPENDENT CONTRACTORS

ICEMA and the CONTRACTOR will perform all work and services described in this MOU as independent Contractors and not as officers, agents, servants or employees of the other. None of the provisions of this MOU are intended to create, nor shall be deemed or construed to create, any relationship between ICEMA and the CONTRACTOR other than that of independent parties contracting with each other for purpose of effecting the provisions of this MOU. ICEMA and the CONTRACTOR are not, and will not be construed to be, in a relationship of joint venture,

partnership or employer-employee. Neither party has the authority to make any statements, representations or commitments of any kind on behalf of the other party, or to use the name of the other party in any publications or advertisements, except with the written consent of the other party or as explicitly provided in this MOU.

J. NOTICES

Notices concerning this MOU shall be addressed as follows:

To: Inland Counties Emergency Medical Agency
1425 South "D" Street
San Bernardino, CA 92415-0060
Attention: Thomas G. Lynch, EMS Administrator

To: St. Joseph Health
St. Mary Medical Center
18300 Highway 18
Apple Valley, CA 92307
Attention: Alan Garrett, CEO

K. MODIFICATION

No waiver, alteration, modification or termination of this MOU shall be valid unless made in writing and duly signed by the parties hereof.

L. ENTIRE MOU

This MOU contains the entire agreement between the parties hereto with respect to the matters referred to herein, that is, the HPP and the duties and obligations which stem therefrom. No other prior or contemporaneous agreements, either written or oral, respecting such matters which are not specifically incorporated herein shall be deemed to in any way exist or bind any of the parties hereto, and such agreements are hereby deemed superseded by the present MOU.

M. AUTHORITY

The person signing this MOU for the CONTRACTOR hereby represents that he/she is fully authorized to sign this MOU on behalf of the organization and to bind the organization to the performance of its obligations hereunder.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

INLAND COUNTIES EMERGENCY MEDICAL AGENCY

► _____
Tom Lynch, EMS Administrator
Janice Rutherford, Chair, Board of Directors

Dated: 3/4/14

St. Mary Medical Center
(Print or type name of corporation, company, contractor, etc.)

► _____ EVP/COO
Contractor's Authorized Representative

Dated: 2/26/14

SIGNED AND CERTIFIED THAT A COPY OF THIS DOCUMENT HAS BEEN DELIVERED TO THE CHAIRMAN OF THE BOARD
Laura H. Welch
Clerk of the Board of Supervisors
of the County of San Bernardino

By _____
Deputy

Approved as to Legal Form	Reviewed by Contract Compliance	Presented to Board for Signature
► _____ Counsel	► _____	► _____
Date _____	Date _____	Date _____

EXHIBIT A

COPY

INLAND COUNTIES EMERGENCY MEDICAL AGENCY

FAS

CONTRACT TRANSMITTAL

FOR OFFICIAL USE ONLY

☒ New ☐ Change ☐ Cancel	FAS Vendor Code	SC	Dept. SMI	A	Contract Number 13-839
ePro Vendor Number					ePro Contract Number
INLAND COUNTIES EMERGENCY MEDICAL AGENCY		Dept. ICM	Orgn. ICM		Contractor's License No.
Contract Representative: Thomas G. Lynch, EMS Administrator		Telephone: (909)388 -5830			Total Contract Amount: $694,893

Contract Type: ☐ Revenue ☐ Encumbered ☐ Unencumbered ☒ Other:

If not encumbered or revenue contract type, provide reason:

Commodity Code	Contract Start Date	Contract End Date	Original Amount	Amendment Amount
	7/01/2013	6/30/14	$	

Fund	Dept.	Organization	Appr.	Obj/Rev Source	GRC/PROJ/JOB No.	Amount
SMI	ICM	HPP				$694,893
Fund	Dept.	Organization	Appr.	Obj/Rev Source	GRC/PROJ/JOB No.	Amount
Fund	Dept.	Organization	Appr.	Obj/Rev Source	GRC/PROJ/JOB No.	Amount

Project Name: CON with CDPH For Hospital Preparedness Grant

Estimated Payment Total by Fiscal Year

Amount	I/D	FY	Amount	I/D
			$	
			$	
			$	

CONTRACTOR California Department of Public Health

Federal ID No. or Social Security No.

Contractor's Representative Mark Pfeifer, EPO Contract Manager

Address MS 7002 P.O. Box 997377 Sacramento, CA 95899-7377 Phone (916) 650 - 6416

Nature of Contract: *(Briefly describe the general terms of the contract)*

This is grant award from the California Department of Public Health, Emergency Preparedness Office for the Hospital Preparedness Program, in the amount of $694,893 for funding to improve and enhance community and healthcare system preparedness for medical and public health emergencies, during the period of July 1, 2013 through June 30, 2014.

(Attach this transmittal to all contracts not prepared on the "Standard Contract" form.)

Approved as to Legal Form (sign in blue ink)	Reviewed as to Contract Compliance	Presented to Board for Signature
► Counsel Alan Green	►	►
Date 9/23/13	Date	Date 9-26-13

Auditor-Controller/Treasurer/Tax Collector Use Only

☐ Contract Database	☐ FAS
Input Date	Keyed By

Revised 03/22/2012

Attachment 11

ICEMA (San Bernardino)
2013-14
Allocation Agreement No. EPO 13-63

2013-14 HHS Hospital Preparedness Program (HPP) Funding
ALLOCATION AGREEMENT

Agreement Governed By:
CDC-RFA-TP12-120102CONT13, CFDA Number 93.074 National Hospital Preparedness Program and Public Health Emergency Preparedness Cooperative Agreement Programs, and California Health and Safety Code, Section 101315 to 101319.

1. This Allocation Agreement is entered into between the California Department of Public Health, herein after referred to as "CDPH" and the Inland Counties Emergency Medical Agency for the County of San Bernardino, herein after referred to as "LHD" and/or "Local HPP Entity".

2. The term of this Agreement is:

   - July 1, 2013 through June 30, 2014 (Hospital Preparedness Program [HPP])

3. The maximum amount payable under this Agreement is $694,893, and is allocated as follows:

   - $694,893, HPP Allocation. (7/1/13 – 6/30/14)

4. The parties agree to comply with the terms and conditions of the following exhibits, which are by this reference made a part of this Agreement.

Exhibit A — Scope of Work	03 Pages
Exhibit B — Budget Detail and Budget Provisions	04 Pages
Exhibit B, Attachment 1, Criteria for Payments	03 Pages
Exhibit C — Additional Provisions	03 Pages
Exhibit D(F) — Certification Regarding Lobbying form	25 Pages
Exhibit E – Non-Supplantation Certification Form	01 Page

Attachment 11

ICEMA (San Bernardino)
2013-14
Allocation Agreement No. EPO 13-63

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

CONTRACTOR	
CONRACTOR'S NAME Inland Counties Emergency Medical Agency for the County of San Bernardino	
BY *(Authorized Signature)* Janice Rutherford	DATE SIGNED (Do not type -signor must date) OCT 08 2013
PRINTED NAME AND TITLE OF PERSON SIGNING Janice Rutherford, Chair, Inland Counties Emergency Medical Agency	
ADDRESS 1425 S. D Street, San Bernardino, CA 92415-0060	
STATE OF CALIFORNIA	
AGENCY NAME California Department of Public Health	
BY *(Authorized Signature)* Susan Fanelli	DATE SIGNED 11/20/13
ADDRESS 1615 Capitol Avenue, MS 7002, P.O. Box 997377, Sacramento, CA 95899-7377	

SIGNED AND CERTIFIED THAT A COPY OF THIS DOCUMENT HAS BEEN DELIVERED TO THE CHAIRMAN OF THE BOARD
LAWRENCE L. ...
Clerk of the Board of Supervisors
of the County of San Bernardino
By

EXHIBIT A
2013-14 HHS Hospital Preparedness Program (HPP) Funding
ALLOCATION AGREEMENT

Allocation Agreement Governed By:
CDC-RFA-TP12-120102CONT13, CFDA Number 93.074 National Hospital Preparedness Program and Public Health Emergency Preparedness Cooperative Agreement Programs, and California Health and Safety Code, Section 101315 to 101319.

Scope of Work

1. **Service Overview**

This Agreement is entered into between the California Department of Public Health, hereinafter referred to as "CDPH" and the Inland Counties Emergency Medical Agency for the County of San Bernardino, hereinafter referred to as the "LHD" and/or "Local HPP Entity". LHD or Local HPP Entity agrees to provide to CDPH the services described herein.

Activities must be in accordance with the Centers for Disease Control and Prevention (CDC) and Hospital Preparedness Program (HPP) 2013-14 Program Guidance, State General Fund (GF) Pandemic Influenza, Public Health Emergency Preparedness (PHEP) Comprehensive Agreement Application 2013-14, Work Plan and Budget.

2. **Service Location**

The services shall be performed at applicable facilities in the Inland Counties Emergency Medical Agency for the County of San Bernardino.

3. **Service Hours**

The services shall be provided during normal LHD and/or Local HPP Entity working hours and days, as well as other hours and days the LHD deems appropriate.

4. **Project Representatives**

A. The project representatives during the term of this agreement will be:

Department of Public Health	**Inland Counties Emergency Medical Agency**
EPO Contract Manager Mark Pfeifer Telephone: (916) 319-8190 Fax: (916) 650-6420 Email: Mark.Pfeifer@cdph.ca.gov	Jerry Nevarez Telephone: (909) 388-5820 Fax: (909) 388-5825 Email: jnevarez@cao.sbcounty.gov

B. Direct all inquiries to:

Department of Public Health **Emergency Preparedness Office** Attention: Local Management Unit **MS 7002** **P.O. Box 997377** **Sacramento, CA 95899-7377** Telephone: (916) 650-6416 Fax: (916) 650-6420	**Inland Counties Emergency Medical Agency** Jerry Nevarez Telephone: (909) 388-5820 Fax: (909) 388-5825 Email: jnevarez@cao.sbcounty.gov

C. Either party may make changes to the information above by giving written notice to the other party. Said changes shall not require an amendment to this agreement.

5. Services to be Performed

LHD and/or Local HPP Entity shall perform services as outlined in accordance with the Public Health Emergency Preparedness, State GF Pandemic Influenza and HHS Hospital Preparedness Cooperative Agreement Application, Work Plans, and Budgets.

6. Allowable Informal Scope of Work Changes

A. The LHD and/or Local HPP Entity or CDPH may propose informal changes or revisions to the activities, tasks, deliverables and/or performance time frames specified in the Scope of Work (SOW), provided such changes do not alter the overall goals and basic purpose of the agreement.

B. Informal SOW changes may include the substitution of specified activities or tasks; the alteration or substitution of agreement deliverables and modifications to anticipated completion/target dates.

C. Informal SOW changes processed hereunder shall not require a formal agreement amendment, provided the LHD's and/or Local HPP Entity's annual budget does not increase or decrease as a result of the informal SOW change.

D. Unless otherwise stipulated in this agreement, all informal SOW changes and revisions are subject to prior written approval by the CDPH.

E. In implementing this provision, CDPH will provide a format for the LHD's and/or Local HPP Entity's use to request informal SOW changes.

7. Reporting Requirements

A. Semi-annual written progress reports and expenditure reports must be submitted according to the schedule shown below. The purpose of the progress reports and expenditure reports are to document activities and expenditure of funds.

Midyear: July 1, 2013 - December 31, 2013	Due Date: January 31, 2014
Year-End: July 1, 2013 – June 30, 2014	Due Date: August 30, 2014

B. Each progress report shall include, but not be limited to, data and information required by statute (cost report and progress on program activities) and information needed to satisfy federal reporting and CDPH monitoring requirements including Performance Measures and other data as required in the federal funding announcement. The reports shall be submitted in accordance with procedures and a format required by CDPH.

8. Expenditure and Program Requirements

A. In accordance with the LHD and/or Local HPP Entity signed Certification Against Supplanting (Exhibit E), funds shall not be used to supplant funding for existing levels of services and will only be used for the purposes designated herein.

B. In executing this Agreement, the LHD and/or Local HPP Entity assures that it will comply with the LHD and/or Local HPP Entity Comprehensive Agreement Application, Work Plans and Budget approved by CDPH.

C. Funds made available are limited to activities approved in the Work Plans and Budgets. Any changes to the Work Plans or Budgets need prior approval from CDPH before implementing. Any contracts or subcontracts needing approval from the Contract Manager must be submitted prior to spending those funds.

Exhibit B
2013-14 HHS Hospital Preparedness Program (HPP) Funding
Budget Detail and Payment Provisions

1. **Payment Provisions**

A. CDPH will make payments to the LHD and/or Local HPP Entity as authorized in State statute and in accordance with the annual expenditure authority granted to CDPH in the California Budget Act. Payments shall be made in accordance with Exhibit B, Attachment 1. Payment beyond the first quarter shall be contingent upon the approval of the LHD's and/or Local HPP Entity's funding Application, Work Plan and Budget and satisfactory progress in implementing the provisions of the Work Plan, as determined by CDPH. Final payment is contingent upon receiving acceptable progress and expenditure reports submitted in accordance with timelines, formats and specifications to be provided by CDPH. ***Note***: HPP requires submission of invoice forms to be reimbursed.

B. Reconciliation with the payments shall be through a semi-annual expenditure report and an annual reconciliation report. These reports shall be submitted in accordance with timelines, formats and specifications to be provided by CDPH. Expenditure reports and annual reconciliation report should be sent to:

California Department of Public Health
Emergency Preparedness Office
Attn: Local Management Unit
MS 7002
P.O. Box 997377
Sacramento, CA 95899-7377

C. The LHD and/or Local HPP Entity shall deposit advance federal fund payments received from CDPH into separate Trust Funds (hereafter called Federal Fund), established solely for the purposes of implementing the activities described in the LHD's and/or Local HPP Entity's approved Work Plan and Budget and Agreement before transferring or expending the funds for any of the uses allowed. CDPH requires that the LHD and/or Local HPP Entity set up separate Federal Funds for PHEP CDC and HPP funds.

D. The LHD and/or Local HPP Entity agrees that any refunds, rebates, credits, or other amounts (including any interest thereon) accruing to or received by the LHD and/or Local HPP Entity under this Agreement shall be deposited into the Federal Fund established solely for the purposes of implementing the activities described in the LHD's and/or Local HPP Entity's approved Work Plan and Budget and Agreement before transferring or expending the funds for any of the uses allowed.

5. Federal Cooperative Agreement Funds

A. It is mutually understood between the parties that this Agreement may have been written before ascertaining the availability of congressional appropriation of funds, for the mutual benefit of both parties, In order to avoid program and fiscal delays which would occur if the Agreement were executed after that determination was made.

B. The Agreement is valid and enforceable only if sufficient funds are made available to CDPH by the United States Government for the fiscal years covered by the term of this Agreement. In addition, this Agreement is subject to any additional restrictions, limitations, or conditions enacted by the Congress or any statute enacted by the Congress, which may affect the provisions, terms or funding of this Agreement in any manner.

C. It is mutually agreed that if Congress does not appropriate sufficient funds for the program, this Agreement shall be amended to reflect any reduction in funds.

6. Accountability Requirements

A. CDPH may recoup funds that are not spent for allowable purposes as specified in State statute and determined by CDPH. CDPH will notify the LHD and/or Local HPP Entity prior to recouping such funds.

B. CDPH may withhold payments if the LHD and/or Local HPP Entity is not in compliance with the terms and conditions of this Agreement or the approved local funding Application, Work Plans and Budgets CDPH may withhold payments if the LHD cannot demonstrate progress toward protecting the jurisdiction from the threat of a bioterrorist attack, infectious disease outbreak or other public health threat or emergency as described in its progress and expenditure reports. CDPH may withhold or reduce payments if the LHD's and/or Local HPP Entity's expenditure reports indicate that quarterly payments remain unspent. CDPH will notify local health officials prior to withholding or reducing such payments.

C. The LHD and/or Local HPP Entity shall return unexpended funds unless carry over or extension of such funds is approved by CDPH in accordance with federal requirements.

D. The LHD and/or Local HPP Entity shall maintain the supporting documentation that substantiates all expenditure reports for a minimum of seven years.

7. Unobligated Balances

At any time during the term of this Agreement, CDPH may request LHDs and/or Local HPP Entity's to identify unspent funds both obligated and unobligated funds. The presentation of this information shall be in a manner prescribed by CDPH to include identification of all unspent funds.

8. Terms of Allocation Agreement

A. **HPP:** This Agreement provides the local funding award for the HPP federal cooperative Agreement Budget period July 1, 2013 through June 30, 2014. **All services must be rendered by and purchases encumbered by June 30, 2014**, unless grant is extended. Funds allocated under this Agreement must be liquidated by July 31, 2014 with unspent funds carried forward into the next budget period; carryover of HPP funds is limited to 15% of the annual allocation.

Attachment 11 (7/29/13)

County of San Bernardino FY 2013-14 Agreement No. EPO 13-39

Exhibit B, Attachment 1 Criteria for Payments
2013-14 CDC Public Health Emergency Preparedness (PHEP), State General Fund (GF) Pandemic Influenza
2013-14 Allocation Agreement

		CDC PHEP Base and	Reference Lab Allocations
1st Payment	Criteria	CDPH must receive following signed Agreement documents and the PHEP work plan & budget: • Signed Agreement Page • Non Supplantation Certification Form • Certification Regarding Lobbying • Submission of PHEP Work Plan • Submission of PHEP Budget	CDPH must receive following signed Agreement documents and the PHEP workplan & budget: • Signed Agreement Page • Non Supplantation Certification Form • Certification Regarding Lobbying • Submission of PHEP Work Plan • Submission of PHEP Budget
	Payment	25% of initial FY 13-14 CDC PHEP Base and/or CRI Allocation	25% of initial FY 13-14 Lab Allocation (not including lab trainees)
2nd Payment	Criteria	• 1st Payment Criteria must be met • the Work plan and Budget must be approved • All required application documents must be submitted • Receipt of FY 12-13 Year End Reports • Receipt of expenditure supporting documentation for 25% of 1st quarter PHEP Payment	• 1st Payment Criteria must be met • the Work plan and Budget must be approved • All required application documents must be submitted • Receipt of FY 12-13 Year End Reports • Receipt of expenditure supporting documentation for 25% of 1st quarter Lab Payment
	Payment	50% of the total CDC PHEP Base and/or CRI Allocation (includes carry-forward funds) less the 1st quarter payment	50% of the total Lab Allocation (not including lab trainees) (includes carry-forward funds) less the 1st quarter Lab payment
3rd Payment	Criteria	• 1st & 2nd Payment Criteria must be met • Receipt of FY 13-14 Mid-Year reports • Receipt of expenditure supporting documentation for 50% of the total allocation (including carry-forward funds).	• 1st & 2nd Payment Criteria must be met • Receipt of FY 13-14 Mid-Year reports • Receipt of expenditure supporting documentation for 50% of the total Lab allocation (including carry-forward funds).
	Payment	75% of the total CDC PHEP Base and/or CRI Allocation (includes carry-forward funds) less the 1st and 2nd quarter payments	75% of the total Lab Allocation (includes carry-forward funds) less the 1st and 2nd quarter payments
Final Payment	Criteria	• 1st, 2nd & 3rd Payment Criteria must be met • Receipt of expenditure supporting documentation for 85% of the total PHEP allocation (including carry-forward funds).	• 1st, 2nd & 3rd Payment Criteria must be met • Receipt of expenditure supporting documentation for 85% of the total Lab allocation (including carry-forward funds).
	Payment	100% of the total CDC PHEP Base and/or CRI Allocation (includes carry-forward funds) less the 1st, 2nd, and 3rd quarter payments	100% of the total Lab Allocation (includes carry-forward funds) less the 1st, 2nd, and 3rd quarter payments

		Lab Trainee Stipends	Lab Training Assistance Grants
1st Payment	Criteria	CDPH must receive the following: • Signed Agreement documents • Lab trainee(s) must be included in Lab budget • A copy of the LFS letter approving the trainee • Name and proposed hire date of the trainee • A training plan that provides 6 months of training with a completion date no later than June 30, 2014. • Only 12 traineeships available	LHD must: • be an LRN Sentinel laboratory and submitted signed Agreement documents • have applied for and received approval for at least one lab trainee stipend • be a member of a training consortium with at least one other county • indicate what other county(ies) are part of the consortium and provide a letter from at least one other consortium partner agreeing to the arrangement.
	Payment	Award is dependent on number of trainees requested **AND** availability of traineeships **AND** submission of all required documents	Award is dependent on availability of assistantship funds **AND** meeting all requirements above
2nd Payment	Criteria	N/A	N/A
	Payment	N/A	N/A
3rd Payment	Criteria	N/A	N/A
	Payment	N/A	N/A
Final Payment	Criteria	N/A	N/A
	Payment	N/A	N/A

		HPP	State GF
1st Payment	Criteria	CDPH must receive following signed Agreement • Signed Agreement Page • Non Supplantation Certification Form • Certification Regarding Lobbying • **Five Letters of Support (Refer to the FY 13-14 Application Guidance)** • Submission of HPP Work Plan • Submission of HPP Budget • Submission of Health Care Facility (HCF) Form	CDPH must receive following signed Agreement • Signed Agreement Page • Non Supplantation Certification Form • Certification Regarding Lobbying • Submission of GF Pan Flu Work Plan • Submission of GF Pan FluBudget
	Payment	25% of HPP Allocation	25% of State GF Pandemic Influenza Allocation
2nd Payment	Criteria	• 1st Payment Criteria must be met • the HPP Work Plan and HPP Budget must be approved • An invoice with actual HPP expenditures above the 25% advance amount must be submitted to CDPH • Receipt of FY 12-13 Year End Reports • All required application documents must be submitted	• 1st Payment Criteria must be met • the CDC Work Plan and Budget must be approved • An invoice with actual State GF Pan Flu expenditures above the 25% advance amount must be submitted to CDPH • Receipt of FY 12-13 Year End Reports • All required application documents must be submitted
	Payment	CDPH will pay the Local HPP Entity for actual expenditures above the 25% advance (e.g. - if a local entity submits and invoice for 35%, CDPH will pay them 10% because the local entity already received 25%). All contracts or subcontracts above $5k must be approved by CDPH prior to spending funds or seeking reimbursement.	CDPH will pay the LHD for actual expenditures above the 25% advance (e.g. - if a local entity submits and invoice for 35%, CDPH will pay them 10% because the local entity already received 25%). All contracts or subcontracts above $5k must be approved by CDPH prior to spending funds or seeking reimbursement.
3rd Payment	Criteria	• 1st & 2nd Payment Criteria must be met • Receipt of FY 13-14 Mid-Year reports • An invoice with actual HPP expenditures must be submitted to CDPH	• 1st & 2nd Payment Criteria must be met • Receipt of FY 13-14 Mid-Year reports • An invoice with actual State GF Pan Flu expenditures must be submitted to CDPH
	Payment	CDPH will pay the Local HPP Entity for actual expenditures (above the 2nd payment). All contracts or subcontracts above $5k must be approved by CDPH prior to spending funds or seeking reimbursement.	CDPH will pay the LHD for actual expenditures (above the 2nd payment). All contracts or subcontracts above $5k must be approved by CDPH prior to spending funds or seeking reimbursement.
Final Payment	Criteria	• 1st, 2nd & 3rd Payment Criteria must be met • Receipt of required Performance Measure reports • An invoice with actual HPP expenditures must be submitted to CDPH	• 1st, 2nd & 3rd Payment Criteria must be met • An invoice with actual State GF Pan Flu expenditures must be submitted to CDPH
	Payment	CDPH will pay the Local HPP Entity for actual expenditures (above the 3rd payment). All contracts or subcontracts above $5k must be approved by CDPH prior to spending funds or seeking reimbursement.	CDPH will pay the LHD for actual expenditures (above the 3rd payment) All contracts or subcontracts above $5k must be approved by CDPH prior to spending funds or seeking reimbursement.

Exhibit C
2013-14 HHS Hospital Preparedness Program (HPP) Funding
Additional Provisions

1. **Additional Incorporated Exhibits**

The following documents and any subsequent updates are not attached, but are incorporated herein and made a part hereof by this reference. These documents may be updated periodically by CDPH, as required by program directives. CDPH shall provide the LHD and/or Local HPP Entity with copies of said documents and any periodic updates thereto, under separate cover. CDPH will maintain on file all documents referenced herein and any subsequent updates.

A. 2013-14 Federal Guidance Documents:
   - CFDA Number 93.074 – National Hospital Preparedness Program and Public Health Emergency Preparedness Cooperative Agreement Programs

B. Federal Public Health Preparedness Capabilities: National Standards for State and Local Planning

C. Federal Healthcare Preparedness Capabilities: National Guidance for Healthcare System Preparedness

D. CDPH Guidance to LHDs and/or Local HPP Entities for CDC PHEP, State General Fund (GF) Pandemic Influenza, and/or HPP Program Funds.

E. LHD's and/or Local HPP Entity's Public Health Emergency Preparedness Comprehensive Agreement Application, Work Plans, and Budgets and all attachments (refer to the CDPH Guidance to LHDs and/or Local HPP Entities for all attachments).

2. **Contract Amendments**

Should either party, during the term of this agreement, desire a change or amendment to the terms of this Agreement, such changes or amendments shall be proposed in writing to the other party, who will respond in writing as to whether the proposed changes/amendments are accepted or rejected. If accepted and after negotiations are concluded, the agreed upon changes shall be made through the State's official agreement amendment process. No amendment will be considered binding on either party until it is formally approved by the State.

3. Cancellation / Termination

A. This agreement may be cancelled or terminated without cause by either party by giving thirty (30) calendar days advance written notice to the other party. Such notification shall state the effective date of termination or cancellation and include any final performance and/or payment/invoicing instructions/requirements.

B. Upon receipt of a notice of termination or cancellation from CDPH, LHD and/or Local HPP Entity shall take immediate steps to stop performance and to cancel or reduce subsequent contract costs.

C. LHD and/or Local HPP Entity shall be entitled to payment for all allowable costs authorized under this agreement, including authorized non-cancelable obligations incurred up to the date of termination or cancellation, provided such expenses do not exceed the stated maximum amounts payable.

D. Agreement termination or cancellation shall be effective as of the date indicated in CDPH' notification to LHD and/or Local HPP Entity. The notice shall stipulate any final performance, invoicing or payment requirements.

E. In the event of early termination or cancellation, LHD and/or Local HPP Entity shall be entitled to compensation for services performed satisfactorily under this Agreement and expenses incurred up to the date of cancellation and any non-cancelable obligations incurred in support of this Agreement.

4. Dispute Resolution Process

A. This provision supplements provision 15 of Exhibit D(F).

B. CDPH may recoup from a LHD and/or Local HPP Entity any funds allocated pursuant to this article that are unspent or that are not expended for purposes specified in subdivision (d) of Section 101315 of the California Health and Safety Code.

C. CDPH may also recoup funds expended by the LHD and/or Local HPP Entity in violation of subdivision (d) of Section 101315 of the California Health and Safety Code.

D. CDPH may withhold quarterly payments of funds to a LHD and/or Local HPP Entity if the LHD and/or Local HPP Entity is not in compliance with

this article or the terms of that LHD's and/or Local HPP Entity's work plans as approved by CDPH.

E. Before any funds are recouped or withheld from a LHD and/or Local HPP Entity, CDPH shall discuss with local health officials or Local HPP Entities the status of the unspent moneys or the disputed use of the funds, or both.

5. Financial and Compliance Audit Requirements

A. Paragraph d of provision 16 in Exhibit D(F) is amended to read as follows:

The A-133 audit report must either include the PHEP, HPP and State General Fund Pandemic Influenza programs (as applicable to the contractor) at a minimum once every three years or a separate independent audit of these programs must be conducted according to the requirements specified in OMB Circular A-133 entitled "Audits of States, Local Governments, and Non-Profit Organizations" at least once every three years. If an audit of the PHEP, HPP and State General Fund Pandemic Influenza programs has not been completed within the past two years from the date of this Agreement, an audit of the funds awarded for the period of July 1, 2012 through June 30, 2013 must be conducted and concluded no later than July 1, 2014, or according to the County schedule for the A-133 audit for this 2012-13 fiscal period (July 1, 2012 through June 30, 2013) if PHEP, HPP and State GF Pandemic Influenza funds are included in the A-133 Audit.

In addition, the A-133 or other independent audit must identify the Contractor's legal name and the number assigned to this Agreement and be sent annually to CDPH within 30 days after the completion of the audit. The LHD/HPP Entity shall keep a copy of the audit report on file and have it available for review by CDPH or auditors upon request.

Special Terms and Conditions

(For federally funded service contracts or agreements and grant agreements)

The use of headings or titles throughout this exhibit is for convenience only and shall not be used to interpret or to govern the meaning of any specific term or condition.

The terms "contract", "Contractor" and "Subcontractor" shall also mean, "agreement", "grant", "grant agreement", "Grantee" and "Subgrantee" respectively.

The terms "California Department of Public Health" and "CDPH" shall have the same meaning and refer to the California State agency that is a party to this Agreement.

This exhibit contains provisions that require strict adherence to various contracting laws and policies. Some provisions herein are conditional and only apply if specified conditions exist (i.e., agreement total exceeds a certain amount, agreement is federally funded, etc.). The provisions herein apply to this Agreement unless the provisions are removed by reference on the face of this Agreement, the provisions are superseded by an alternate provision appearing elsewhere in this Agreement, or the applicable conditions do not exist.

Index of Special Terms and Conditions

1. **Federal Equal Opportunity Requirements**

(Applicable to all federally funded agreements entered into by the California Department of Public Health (CDPH) formerly known as California Department of Health Services (CDHS).)

a. The Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin, physical or mental handicap, disability, age or status as a disabled veteran or veteran of the Vietnam era. The Contractor will take affirmative action to ensure that qualified applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, national origin, physical or mental handicap, disability, age or status as a disabled veteran or veteran of the Vietnam era. Such action shall include, but not be limited to the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and career development opportunities and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Federal Government or CDPH, setting forth the provisions of the Equal Opportunity clause, Section 503 of the Rehabilitation Act of 1973 and the affirmative action clause required by the Vietnam Era Veterans' Readjustment Assistance Act of 1974 (38 U.S.C. 4212). Such notices shall state the Contractor's obligation under the law to take affirmative action to employ and advance in employment qualified applicants without discrimination based on their race, color, religion, sex, national origin physical or mental handicap, disability, age or status as a disabled veteran or veteran of the Vietnam era and the rights of applicants and employees.

b. The Contractor will, in all solicitations or advancements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, national origin physical or mental handicap, disability, age or status as a disabled veteran or veteran of the Vietnam era.

c. The Contractor will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding a notice, to be provided by the Federal Government or the State, advising the labor union or workers' representative of the Contractor's commitments under the provisions herein and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

d. The Contractor will comply with all provisions of and furnish all information and reports required by Section 503 of the Rehabilitation Act of 1973, as amended, the Vietnam Era Veterans' Readjustment Assistance Act of 1974 (38 U.S.C. 4212) and of the Federal Executive Order No. 11246 as amended, including by Executive Order 11375, 'Amending Executive Order 11246 Relating to Equal Employment Opportunity,' and as supplemented by regulation at 41 CFR part 60, "Office of the Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor," and of the rules, regulations, and relevant orders of the Secretary of Labor.

e. The Contractor will furnish all information and reports required by Federal Executive Order No. 11246 as amended, including by Executive Order 11375, 'Amending Executive Order 11246 Relating to Equal Employment Opportunity,' and as supplemented by regulation at 41 CFR part 60, "Office of the Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor," and the Rehabilitation Act of 1973, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by the State and its designated representatives and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

f. In the event of the Contractor's noncompliance with the requirements of the provisions herein or with any federal rules, regulations, or orders which are referenced herein, this Agreement may be cancelled, terminated, or suspended in whole or in part and the Contractor may be declared ineligible for further federal and state contracts in accordance with procedures authorized in Federal Executive Order No. 11246 as amended and such other sanctions may be imposed and remedies invoked as provided in Federal Executive Order No. 11246 as amended, including by Executive Order 11375, 'Amending Executive Order 11246 Relating to Equal Employment Opportunity,' and as supplemented by regulation at 41 CFR part 60, "Office of the Federal Contract Compliance Programs, Equal Employment

Opportunity, Department of Labor," or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

g. The Contractor will include the provisions of Paragraphs a through g in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Federal Executive Order No. 11246 as amended, including by Executive Order 11375, 'Amending Executive Order 11246 Relating to Equal Employment Opportunity,' and as supplemented by regulation at 41 CFR part 60, "Office of the Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor," or Section 503 of the Rehabilitation Act of 1973 or (38 U.S.C. 4212) of the Vietnam Era Veteran's Readjustment Assistance Act, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order as the Director of the Office of Federal Contract Compliance Programs or CDPH may direct as a means of enforcing such provisions including sanctions for noncompliance provided, however, that in the event the Contractor becomes involved in, or is threatened with litigation by a subcontractor or vendor as a result of such direction by CDPH, the Contractor may request in writing to CDPH, who, in turn, may request the United States to enter into such litigation to protect the interests of the State and of the United States.

2. Travel and Per Diem Reimbursement

(Applicable if travel and/or per diem expenses are reimbursed with agreement funds.)

Reimbursement for travel and per diem expenses from CDPH under this Agreement shall, unless otherwise specified in this Agreement, be at the rates currently in effect, as established by the California Department of Personnel Administration (DPA), for nonrepresented state employees as stipulated in CDPH's Travel Reimbursement Information Exhibit. If the DPA rates change during the term of the Agreement, the new rates shall apply upon their effective date and no amendment to this Agreement shall be necessary. Exceptions to DPA rates may be approved by CDPH upon the submission of a statement by the Contractor indicating that such rates are not available to the Contractor. No travel outside the State of California shall be reimbursed without prior authorization from CDPH. Verbal authorization should be confirmed in writing. Written authorization may be in a form including fax or email confirmation.

3. Procurement Rules

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

a. **Equipment definitions**

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

(1) **Major equipment/property**: A tangible or intangible item having a base unit cost of **$5,000 or more** with a life expectancy of one (1) year or more and is either furnished by CDPH or the cost is reimbursed through this Agreement. Software and videos are examples of intangible items that meet this definition.

(2) **Minor equipment/property**: A tangible item having a base unit cost of **less than $5,000** with a life expectancy of one (1) year or more and is either furnished by CDPH or the cost is reimbursed through this Agreement.

b. **Government and public entities** (including state colleges/universities and auxiliary organizations), whether acting as a contractor and/or subcontractor, may secure all commodities, supplies, equipment and services related to such purchases that are required in performance of this Agreement. Said procurements are subject to Paragraphs d through h of Provision 3. Paragraph c of Provision 3 shall also apply, if equipment purchases are delegated to subcontractors that are nonprofit organizations or commercial businesses.

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

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

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

(2) All equipment purchases are subject to Paragraphs d through h of Provision 3. Paragraph b of Provision 3 shall also apply, if equipment purchases are delegated to subcontractors that are either a government or public entity.

(3) Nonprofit organizations and commercial businesses, shall use a procurement system that meets the following standards:

(a) Maintain a code or standard of conduct that shall govern the performance of its officers, employees, or agents engaged in awarding procurement contracts. No employee, officer, or agent shall participate in the selection, award, or administration of a procurement, or bid contract in which, to his or her knowledge, he or she has a financial interest.

(b) Procurements shall be conducted in a manner that provides, to the maximum extent practical, open, and free competition.

(c) Procurements shall be conducted in a manner that provides for all of the following:

[1] Avoid purchasing unnecessary or duplicate items.

[2] Equipment solicitations shall be based upon a clear and accurate description of the technical requirements of the goods to be procured.

[3] Take positive steps to utilize small and veteran owned businesses.

d. Unless waived or otherwise stipulated in writing by CDPH, prior written authorization from the appropriate CDPH Program Contract Manager will be required before the Contractor will be reimbursed for any purchase of $5,000 or more for commodities, supplies, equipment, and services related to such purchases. The Contractor must provide in its request for authorization all particulars necessary, as specified by CDPH, for evaluating the necessity or desirability of incurring such costs. The term "purchase" excludes the purchase of services from a subcontractor and public utility services at rates established for uniform applicability to the general public.

e. In special circumstances, determined by CDPH (e.g., when CDPH has a need to monitor certain purchases, etc.), CDPH may require prior written authorization and/or the submission of paid vendor receipts for any purchase, regardless of dollar amount. CDPH reserves the right to either deny claims for reimbursement or to request repayment for any Contractor and/or subcontractor purchase that CDPH determines to be unnecessary in carrying out performance under this Agreement.

f. The Contractor and/or subcontractor must maintain a copy or narrative description of the procurement system, guidelines, rules, or regulations that will be used to make purchases under this Agreement. The State reserves the right to request a copy of these documents and to inspect the purchasing practices of the Contractor and/or subcontractor at any time.

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

h. CDPH may, with cause (e.g., with reasonable suspicion of unnecessary purchases or use of

inappropriate purchase practices, etc.), withhold, cancel, modify, or retract the delegated purchase authority granted under Paragraphs b and/or c of Provision 3 by giving the Contractor no less than 30 calendar days written notice.

4. Equipment Ownership / Inventory / Disposition

(Applicable to agreements in which equipment and/or property is furnished by CDPH and/or when said items are purchased or reimbursed with state or federal funds.)

a. Wherever the terms equipment and/or property are used in Provision 4, the definitions in Provision 3, Paragraph a, shall apply.

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

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

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

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

(a) Include in the inventory report, equipment and/or property in the Contractor's possession and/or in the possession of a subcontractor (including independent consultants).

(b) Submit the inventory report to CDPH according to the instructions appearing on the inventory form or issued by the CDPH Program Contract Manager.

(c) Contact the CDPH Program Contract Manager to learn how to remove, trade-in, sell, transfer or survey off, from the inventory report, expired equipment and/or property that is no longer wanted, usable or has passed its life expectancy. Instructions will be supplied by CDPH's Asset Management Unit.

b. Title to state equipment and/or property shall not be affected by its incorporation or attachment to any property not owned by the State.

c. Unless otherwise stipulated, CDPH shall be under no obligation to pay the cost of restoration, or rehabilitation of the Contractor's and/or Subcontractor's facility which may be affected by the removal of any state equipment and/or property.

d. The Contractor and/or Subcontractor shall maintain and administer a sound business program for ensuring the proper use, maintenance, repair, protection, insurance and preservation of state equipment and/or property.

(1) In administering this provision, CDPH may require the Contractor and/or Subcontractor to repair or replace, to CDPH's satisfaction, any damaged, lost or stolen state equipment and/or property. Contractor and/or Subcontractor shall immediately file a theft report with the appropriate police agency or the California Highway Patrol and Contractor shall promptly submit one copy of the theft report to the CDPH Program Contract Manager.

e. Unless otherwise stipulated by the program funding this Agreement, equipment and/or property purchased/reimbursed with agreement funds or furnished by CDPH under the terms of this Agreement, shall only be used for performance of this Agreement or another CDPH agreement.

f. Within sixty (60) calendar days prior to the termination or end of this Agreement, the Contractor shall provide a final inventory report of equipment and/or property to the CDPH Program Contract Manager and shall, at that time, query CDPH as to the requirements, including the manner and method, of returning state equipment and/or property to CDPH. Final disposition of equipment and/or property shall be at CDPH expense and according to CDPH instructions. Equipment and/or property disposition instructions shall be issued by CDPH immediately after receipt of the final inventory report. At the termination or conclusion of this Agreement, CDPH may at its discretion, authorize the continued use of state equipment and/or property for performance of work under a different CDPH agreement.

g. **Motor Vehicles**

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

(1) If motor vehicles are purchased/reimbursed with agreement funds or furnished by CDPH under the terms of this Agreement, within thirty (30) calendar days prior to the termination or end of this Agreement, the Contractor and/or Subcontractor shall return such vehicles to CDPH and shall deliver all necessary documents of title or registration to enable the proper transfer of a marketable title to CDPH.

(2) If motor vehicles are purchased/reimbursed with agreement funds or furnished by CDPH under the terms of this Agreement, the State of California shall be the legal owner of said motor vehicles and the Contractor shall be the registered owner. The Contractor and/or a subcontractor may only use said vehicles for performance and under the terms of this Agreement.

(3) The Contractor and/or Subcontractor agree that all operators of motor vehicles, purchased/reimbursed with agreement funds or furnished by CDPH under the terms of this Agreement, shall hold a valid State of California driver's license. In the event that ten or more passengers are to be transported in any one vehicle, the operator shall also hold a State of California Class B driver's license.

(4) If any motor vehicle is purchased/reimbursed with agreement funds or furnished by CDPH under the terms of this Agreement, the Contractor and/or Subcontractor, as applicable, shall provide, maintain, and certify that, at a minimum, the following type and amount of automobile liability insurance is in effect during the term of this Agreement or any extension period during which any vehicle remains in the Contractor's and/or Subcontractor's possession:

Automobile Liability Insurance

(a) The Contractor, by signing this Agreement, hereby certifies that it possesses or will obtain automobile liability insurance in the amount of $1,000,000 per occurrence for bodily injury and property damage combined. Said insurance must be obtained and made effective upon the delivery date of any motor vehicle, purchased/reimbursed with agreement funds or furnished by CDPH under the terms of this Agreement, to the Contractor and/or Subcontractor.

(b) The Contractor and/or Subcontractor shall, as soon as practical, furnish a copy of the certificate of insurance to the CDPH Program Contract Manager. The certificate of insurance shall identify the CDPH contract or agreement number for which the insurance applies.

(c) The Contractor and/or Subcontractor agree that bodily injury and property damage liability insurance, as required herein, shall remain in effect at all times during the term of this Agreement or until such time as the motor vehicle is returned to CDPH.

(d) The Contractor and/or Subcontractor agree to provide, at least thirty (30) days prior to the expiration date of said insurance coverage, a copy of a new certificate of insurance evidencing continued coverage, as indicated herein, for not less than the remainder of the term of this

Agreement, the term of any extension or continuation thereof, or for a period of not less than one (1) year.

(e) The Contractor and/or Subcontractor, if not a self-insured government and/or public entity, must provide evidence, that any required certificates of insurance contain the following provisions:

[1] The insurer will not cancel the insured's coverage without giving thirty (30) calendar days prior written notice to the State (California Department of Public Health (CDPH)).

[2] The State of California, its officers, agents, employees, and servants are included as additional insureds, but only with respect to work performed for the State under this Agreement and any extension or continuation of this Agreement.

[3] The insurance carrier shall notify CDPH, in writing, of the Contractor's failure to pay premiums; its cancellation of such policies; or any other substantial change, including, but not limited to, the status, coverage, or scope of the required insurance. Such notices shall contain a reference to each agreement number for which the insurance was obtained.

(f) The Contractor and/or Subcontractor is hereby advised that copies of certificates of insurance may be subject to review and approval by the Department of General Services (DGS), Office of Risk and Insurance Management. The Contractor shall be notified by CDPH, in writing, if this provision is applicable to this Agreement. If DGS approval of the certificate of insurance is required, the Contractor agrees that no work or services shall be performed prior to obtaining said approval.

(g) In the event the Contractor and/or Subcontractor fails to keep insurance coverage, as required herein, in effect at all times during vehicle possession, CDPH may, in addition to any other remedies it may have, terminate this Agreement upon the occurrence of such event.

5. Subcontract Requirements

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

a. Prior written authorization will be required before the Contractor enters into or is reimbursed for any subcontract for services costing $5,000 or more. Except as indicated in Paragraph a(3) herein, when securing subcontracts for services exceeding $5,000, the Contractor shall obtain at least three bids or justify a sole source award.

(1) The Contractor must provide in its request for authorization, all information necessary for evaluating the necessity or desirability of incurring such cost.

(2) The State may identify the information needed to fulfill this requirement.

(3) Subcontracts performed by the following entities or for the service types listed below are exempt from the bidding and sole source justification requirements:

(a) A local governmental entity or the federal government,
(b) A State college or university from any State,
(c) A Joint Powers Authority,
(d) An auxiliary organization of a California State University or a California community college,
(e) A foundation organized to support the Board of Governors of the California Community Colleges,
(f) An auxiliary organization of the Student Aid Commission established under Education Code § 69522,
(g) Entities of any type that will provide subvention aid or direct services to the public,
(h) Entities and/or service types identified as exempt from advertising in State Contracting Manual 5.80. View this publication at the following Internet address:

http://www.ols.dgs.ca.gov/Contract+Manual/Chapters4through6.htm.

b. CDPH reserves the right to approve or disapprove the selection of subcontractors and with advance written notice, require the substitution of subcontractors and require the Contractor to terminate subcontracts entered into in support of this Agreement.

(1) Upon receipt of a written notice from CDPH requiring the substitution and/or termination of a subcontract, the Contractor shall take steps to ensure the completion of any work in progress and select a replacement, if applicable, within 30 calendar days, unless a longer period is agreed to by CDPH.

c. Actual subcontracts (i.e., written agreement between the Contractor and a subcontractor) of $5,000 or more are subject to the prior review and written approval of CDPH. CDPH may, at its discretion, elect to waive this right. All such waivers shall be confirmed in writing by CDPH.

d. Contractor shall maintain a copy of each subcontract entered into in support of this Agreement and shall, upon request by CDPH, make copies available for approval, inspection, or audit.

e. CDPH assumes no responsibility for the payment of subcontractors used in the performance of this Agreement. Contractor accepts sole responsibility for the payment of subcontractors used in the performance of this Agreement.

f. The Contractor is responsible for all performance requirements under this Agreement even though performance may be carried out through a subcontract.

g. The Contractor shall ensure that all subcontracts for services include provision(s) requiring compliance with applicable terms and conditions specified in this Agreement.

h. The Contractor agrees to include the following clause, relevant to record retention, in all subcontracts for services:

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

i. Unless otherwise stipulated in writing by CDPH, the Contractor shall be the subcontractor's sole point of contact for all matters related to performance and payment under this Agreement.

j. Contractor shall, as applicable, advise all subcontractors of their obligations pursuant to the following numbered provisions of this Exhibit: 1, 2, 3, 4, 5, 6, 7, 8, 10, 11, 12, 13, 14, 17, 19, 20, 24, and 31 or other numbered provisions herein that deemed applicable.

6. Income Restrictions

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

7. Audit and Record Retention

(Applicable to agreements in excess of $10,000.)

a. The Contractor and/or Subcontractor shall maintain books, records, documents, and other evidence, accounting procedures and practices, sufficient to properly reflect all direct and indirect costs of whatever nature claimed to have been incurred in the performance of this Agreement, including any matching costs and expenses. The foregoing constitutes "records" for the purpose of this provision.

b. The Contractor's and/or subcontractor's facility or office or such part thereof as may be engaged in the performance of this Agreement and his/her records shall be subject at all reasonable times to inspection,

audit, and reproduction.

c. Contractor agrees that CDPH, the Department of General Services, the Bureau of State Audits, or their designated representatives including the Comptroller General of the United States shall have the right to review and to copy any records and supporting documentation pertaining to the performance of this Agreement. Contractor agrees to allow the auditor(s) access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Further, the Contractor agrees to include a similar right of the State to audit records and interview staff in any subcontract related to performance of this Agreement. (GC 8546.7, CCR Title 2, Section 1896).

d. The Contractor and/or Subcontractor shall preserve and make available his/her records (1) for a period of three years from the date of final payment under this Agreement, and (2) for such longer period, if any, as is required by applicable statute, by any other provision of this Agreement, or by subparagraphs (1) or (2) below.

(1) If this Agreement is completely or partially terminated, the records relating to the work terminated shall be preserved and made available for a period of three years from the date of any resulting final settlement.

(2) If any litigation, claim, negotiation, audit, or other action involving the records has been started before the expiration of the three-year period, the records shall be retained until completion of the action and resolution of all issues which arise from it, or until the end of the regular three-year period, whichever is later.

e. The Contractor and/or Subcontractor shall comply with the above requirements and be aware of the penalties for violations of fraud and for obstruction of investigation as set forth in Public Contract Code § 10115.10, if applicable.

f. The Contractor and/or Subcontractor may, at its discretion, following receipt of final payment under this Agreement, reduce its accounts, books and records related to this Agreement to microfilm, computer disk, CD ROM, or other data storage medium. Upon request by an authorized representative to inspect, audit or obtain copies of said records, the Contractor and/or Subcontractor must supply or make available applicable devices, hardware, and/or software necessary to view, copy and/or print said records. Applicable devices may include, but are not limited to, microfilm readers and microfilm printers, etc.

g. The Contractor shall, if applicable, comply with the Single Audit Act and the audit reporting requirements set forth in OMB Circular A-133.

8. Site Inspection

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

9. Federal Contract Funds

(Applicable only to that portion of an agreement funded in part or whole with federal funds.)

a. It is mutually understood between the parties that this Agreement may have been written before ascertaining the availability of congressional appropriation of funds, for the mutual benefit of both parties, in order to avoid program and fiscal delays which would occur if the Agreement were executed after that determination was made.

b. This agreement is valid and enforceable only if sufficient funds are made available to the State by the United States Government for the fiscal years covered by the term of this Agreement. In addition, this

Agreement is subject to any additional restrictions, limitations, or conditions enacted by the Congress or any statute enacted by the Congress which may affect the provisions, terms or funding of this Agreement in any manner.

c. It is mutually agreed that if the Congress does not appropriate sufficient funds for the program, this Agreement shall be amended to reflect any reduction in funds.

d. CDPH has the option to invalidate or cancel the Agreement with 30-days advance written notice or to amend the Agreement to reflect any reduction in funds.

10. Intellectual Property Rights

a. Ownership

(1) Except where CDPH has agreed in a signed writing to accept a license, CDPH shall be and remain, without additional compensation, the sole owner of any and all rights, title and interest in all Intellectual Property, from the moment of creation, whether or not jointly conceived, that are made, conceived, derived from, or reduced to practice by Contractor or CDPH and which result directly or indirectly from this Agreement.

(2) For the purposes of this Agreement, Intellectual Property means recognized protectable rights and interest such as: patents, (whether or not issued) copyrights, trademarks, service marks, applications for any of the foregoing, inventions, trade secrets, trade dress, logos, insignia, color combinations, slogans, moral rights, right of publicity, author's rights, contract and licensing rights, works, mask works, industrial design rights, rights of priority, know how, design flows, methodologies, devices, business processes, developments, innovations, good will and all other legal rights protecting intangible proprietary information as may exist now and/or here after come into existence, and all renewals and extensions, regardless of whether those rights arise under the laws of the United States, or any other state, country or jurisdiction.

(a) For the purposes of the definition of Intellectual Property, "works" means all literary works, writings and printed matter including the medium by which they are recorded or reproduced, photographs, art work, pictorial and graphic representations and works of a similar nature, film, motion pictures, digital images, animation cells, and other audiovisual works including positives and negatives thereof, sound recordings, tapes, educational materials, interactive videos and any other materials or products created, produced, conceptualized and fixed in a tangible medium of expression. It includes preliminary and final products and any materials and information developed for the purposes of producing those final products. Works does not include articles submitted to peer review or reference journals or independent research projects.

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

(4) Contractor agrees to cooperate with CDPH in establishing or maintaining CDPH's exclusive rights in the Intellectual Property, and in assuring CDPH's sole rights against third parties with respect to the Intellectual Property. If the Contractor enters into any agreements or subcontracts with other parties in order to perform this Agreement, Contractor shall require the terms of the Agreement(s) to include all Intellectual Property provisions. Such terms must include, but are not limited to, the subcontractor assigning and agreeing to assign to CDPH all rights, title and interest in Intellectual Property made, conceived, derived from, or reduced to practice by the subcontractor, Contractor or CDPH and which result directly or indirectly from this Agreement or any subcontract.

(5) Contractor further agrees to assist and cooperate with CDPH in all reasonable respects, and execute all documents and, subject to reasonable availability, give testimony and take all further acts reasonably necessary to acquire, transfer, maintain, and enforce CDPH's Intellectual Property rights and interests.

b. Retained Rights / License Rights

(1) Except for Intellectual Property made, conceived, derived from, or reduced to practice by Contractor or CDPH and which result directly or indirectly from this Agreement, Contractor shall retain title to all of its Intellectual Property to the extent such Intellectual Property is in existence prior to the effective date of this Agreement. Contractor hereby grants to CDPH, without additional compensation, a permanent, non-exclusive, royalty free, paid-up, worldwide, irrevocable, perpetual, non-terminable license to use, reproduce, manufacture, sell, offer to sell, import, export, modify, publicly and privately display/perform, distribute, and dispose Contractor's Intellectual Property with the right to sublicense through multiple layers, for any purpose whatsoever, to the extent it is incorporated in the Intellectual Property resulting from this Agreement, unless Contractor assigns all rights, title and interest in the Intellectual Property as set forth herein.

(2) Nothing in this provision shall restrict, limit, or otherwise prevent Contractor from using any ideas, concepts, know-how, methodology or techniques related to its performance under this Agreement, provided that Contractor's use does not infringe the patent, copyright, trademark rights, license or other Intellectual Property rights of CDPH or third party, or result in a breach or default of any provisions of this Exhibit or result in a breach of any provisions of law relating to confidentiality.

c. Copyright

(1) Contractor agrees that for purposes of copyright law, all works [as defined in Paragraph a, subparagraph (2)(a) of this provision] of authorship made by or on behalf of Contractor in connection with Contractor's performance of this Agreement shall be deemed "works made for hire". Contractor further agrees that the work of each person utilized by Contractor in connection with the performance of this Agreement will be a "work made for hire," whether that person is an employee of Contractor or that person has entered into an agreement with Contractor to perform the work. Contractor shall enter into a written agreement with any such person that: (i) all work performed for Contractor shall be deemed a "work made for hire" under the Copyright Act and (ii) that person shall assign all right, title, and interest to CDPH to any work product made, conceived, derived from, or reduced to practice by Contractor or CDPH and which result directly or indirectly from this Agreement.

(2) All materials, including, but not limited to, visual works or text, reproduced or distributed pursuant to this Agreement that include Intellectual Property made, conceived, derived from, or reduced to practice by Contractor or CDPH and which result directly or indirectly from this Agreement, shall include CDPH's notice of copyright, which shall read in 3mm or larger typeface: "© *[Enter Current Year e.g., 2007, etc.]*, Department of Public Health. This material may not be reproduced or disseminated without prior written permission from the Department of Public Health." This notice should be placed prominently on the materials and set apart from other matter on the page where it appears. Audio productions shall contain a similar audio notice of copyright.

d. Patent Rights

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

e. Third-Party Intellectual Property

Except as provided herein, Contractor agrees that its performance of this Agreement shall not be dependent upon or include any Intellectual Property of Contractor or third party without first: (i) obtaining

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

f. Warranties

(1) Contractor represents and warrants that:

(a) It is free to enter into and fully perform this Agreement.

(b) It has secured and will secure all rights and licenses necessary for its performance of this Agreement.

(c) Neither Contractor's performance of this Agreement, nor the exercise by either Party of the rights granted in this Agreement, nor any use, reproduction, manufacture, sale, offer to sell, import, export, modification, public and private display/performance, distribution, and disposition of the Intellectual Property made, conceived, derived from, or reduced to practice by Contractor or CDPH and which result directly or indirectly from this Agreement will infringe upon or violate any Intellectual Property right, non-disclosure obligation, or other proprietary right or interest of any third-party or entity now existing under the laws of, or hereafter existing or issued by, any state, the United States, or any foreign country. There is currently no actual or threatened claim by any such third party based on an alleged violation of any such right by Contractor.

(d) Neither Contractor's performance nor any part of its performance will violate the right of privacy of, or constitute a libel or slander against any person or entity.

(e) It has secured and will secure all rights and licenses necessary for Intellectual Property including, but not limited to, consents, waivers or releases from all authors of music or performances used, and talent (radio, television and motion picture talent), owners of any interest in and to real estate, sites, locations, property or props that may be used or shown.

(f) It has not granted and shall not grant to any person or entity any right that would or might derogate, encumber, or interfere with any of the rights granted to CDPH in this Agreement.

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

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

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

g. Intellectual Property Indemnity

(1) Contractor shall indemnify, defend and hold harmless CDPH and its licensees and assignees, and its officers, directors, employees, agents, representatives, successors, and users of its products, ("Indemnitees") from and against all claims, actions, damages, losses, liabilities (or actions or proceedings with respect to any thereof), whether or not rightful, arising from any and all actions or claims by any third party or expenses related thereto (including, but not limited to, all legal expenses, court costs, and attorney's fees incurred in investigating, preparing, serving as a witness in, or defending against, any such claim, action, or proceeding, commenced or threatened) to which any of the Indemnitees may be subject, whether or not Contractor is a party to any pending or threatened litigation, which arise out of or are related to (i) the incorrectness or breach of any of the

representations, warranties, covenants or agreements of Contractor pertaining to Intellectual Property; or (ii) any Intellectual Property infringement, or any other type of actual or alleged infringement claim, arising out of CDPH's use, reproduction, manufacture, sale, offer to sell, distribution, import, export, modification, public and private performance/display, license, and disposition of the Intellectual Property made, conceived, derived from, or reduced to practice by Contractor or CDPH and which result directly or indirectly from this Agreement. This indemnity obligation shall apply irrespective of whether the infringement claim is based on a patent, trademark or copyright registration that issued after the effective date of this Agreement. CDPH reserves the right to participate in and/or control, at Contractor's expense, any such infringement action brought against CDPH.

(2) Should any Intellectual Property licensed by the Contractor to CDPH under this Agreement become the subject of an Intellectual Property infringement claim, Contractor will exercise its authority reasonably and in good faith to preserve CDPH's right to use the licensed Intellectual Property in accordance with this Agreement at no expense to CDPH. CDPH shall have the right to monitor and appear through its own counsel (at Contractor's expense) in any such claim or action. In the defense or settlement of the claim, Contractor may obtain the right for CDPH to continue using the licensed Intellectual Property; or, replace or modify the licensed Intellectual Property so that the replaced or modified Intellectual Property becomes non-infringing provided that such replacement or modification is functionally equivalent to the original licensed Intellectual Property. If such remedies are not reasonably available, CDPH shall be entitled to a refund of all monies paid under this Agreement, without restriction or limitation of any other rights and remedies available at law or in equity.

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

h. **Federal Funding**

In any agreement funded in whole or in part by the federal government, CDPH may acquire and maintain the Intellectual Property rights, title, and ownership, which results directly or indirectly from the Agreement; except as provided in 37 Code of Federal Regulations part 401.14; however, the federal government shall have a non-exclusive, nontransferable, irrevocable, paid-up license throughout the world to use, duplicate, or dispose of such Intellectual Property throughout the world in any manner for governmental purposes and to have and permit others to do so.

i. **Survival**

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

11. Air or Water Pollution Requirements

Any federally funded agreement and/or subcontract in excess of $100,000 must comply with the following provisions unless said agreement is exempt under 40 CFR 15.5.

a. Government contractors agree to comply with all applicable standards, orders, or requirements issued under section 306 of the Clean Air Act [42 U.S.C. 1857(h)], section 508 of the Clean Water Act (33 U.S.C. 1368), Executive Order 11738, and Environmental Protection Agency regulations (40 CFR part 15).

b. Institutions of higher education, hospitals, nonprofit organizations and commercial businesses agree to comply with all applicable standards, orders, or requirements issued under the Clean Air Act (42 U.S.C. 7401 et seq.), as amended, and the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.), as amended.

12. Prior Approval of Training Seminars, Workshops or Conferences

Contractor shall obtain prior CDPH approval of the location, costs, dates, agenda, instructors, instructional

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

13. Confidentiality of Information

a. The Contractor and its employees, agents, or subcontractors shall protect from unauthorized disclosure names and other identifying information concerning persons either receiving services pursuant to this Agreement or persons whose names or identifying information become available or are disclosed to the Contractor, its employees, agents, or subcontractors as a result of services performed under this Agreement, except for statistical information not identifying any such person.

b. The Contractor and its employees, agents, or subcontractors shall not use such identifying information for any purpose other than carrying out the Contractor's obligations under this Agreement.

c. The Contractor and its employees, agents, or subcontractors shall promptly transmit to the CDPH Program Contract Manager all requests for disclosure of such identifying information not emanating from the client or person.

d. The Contractor shall not disclose, except as otherwise specifically permitted by this Agreement or authorized by the client, any such identifying information to anyone other than CDPH without prior written authorization from the CDPH Program Contract Manager, except if disclosure is required by State or Federal law.

e. For purposes of this provision, identity shall include, but not be limited to name, identifying number, symbol, or other identifying particular assigned to the individual, such as finger or voice print or a photograph.

f. As deemed applicable by CDPH, this provision may be supplemented by additional terms and conditions covering personal health information (PHI) or personal, sensitive, and/or confidential information (PSCI). Said terms and conditions will be outlined in one or more exhibits that will either be attached to this Agreement or incorporated into this Agreement by reference.

14. Documents, Publications and Written Reports

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

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

15. Dispute Resolution Process

a. A Contractor grievance exists whenever there is a dispute arising from CDPH's action in the administration of an agreement. If there is a dispute or grievance between the Contractor and CDPH, the Contractor must seek resolution using the procedure outlined below.

(1) The Contractor should first informally discuss the problem with the CDPH Program Contract Manager. If the problem cannot be resolved informally, the Contractor shall direct its grievance together with any evidence, in writing, to the program Branch Chief. The grievance shall state the issues in dispute, the legal authority or other basis for the Contractor's position and the remedy sought. The Branch Chief shall render a decision within ten (10) working days after receipt of the written grievance from the Contractor. The Branch Chief shall respond in writing to the Contractor indicating the decision and reasons therefore. If the Contractor disagrees with the Branch Chief's decision, the Contractor may appeal to the second level.

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

b. If the Contractor wishes to appeal the decision of the Deputy Director of the division in which the branch is organized or his/her designee, the Contractor shall follow the procedures set forth in Division 25.1 (commencing with Section 38050) of the Health and Safety Code and the regulations adopted thereunder. (Title 1, Subchapter 2.5, commencing with Section 251, California Code of Regulations.)

c. Disputes arising out of an audit, examination of an agreement or other action not covered by subdivision (a) of Section 20204, of Chapter 2.1, Title 22, of the California Code of Regulations, and for which no procedures for appeal are provided in statute, regulation or the Agreement, shall be handled in accordance with the procedures identified in Sections 51016 through 51047, Title 22, California Code of Regulations.

d. Unless otherwise stipulated in writing by CDPH, all dispute, grievance and/or appeal correspondence shall be directed to the CDPH Program Contract Manager.

e. There are organizational differences within CDPH's funding programs and the management levels identified in this dispute resolution provision may not apply in every contractual situation. When a grievance is received and organizational differences exist, the Contractor shall be notified in writing by the CDPH Program Contract Manager of the level, name, and/or title of the appropriate management official that is responsible for issuing a decision at a given level.

16. Financial and Compliance Audit Requirements

a. The definitions used in this provision are contained in Section 38040 of the Health and Safety Code, which by this reference is made a part hereof.

b. Direct service contract means a contract or agreement for services contained in local assistance or subvention programs or both (see Health and Safety [H&S] Code section 38020). Direct service contracts shall not include contracts, agreements, grants, or subventions to other governmental agencies or units of government nor contracts or agreements with regional centers or area agencies on aging (H&S Code section 38030).

c. The Contractor, as indicated below, agrees to obtain one of the following audits:

(1) If the Contractor is a nonprofit organization (as defined in H&S Code section 38040) and receives **$25,000 or more** from any State agency under a direct service contract or agreement; the Contractor agrees to obtain an annual single, organization wide, financial and compliance audit. Said audit shall be conducted according to Generally Accepted Auditing Standards. This audit does not fulfill the audit requirements of Paragraph c(3) below. The audit shall be completed by the 15th day of the fifth month following the end of the Contractor's fiscal year, **and/or**

(2) If the Contractor is a nonprofit organization (as defined in H&S Code section 38040) and receives **less than $25,000** per year from any State agency under a direct service contract or agreement, the Contractor agrees to obtain a biennial single, organization wide financial and compliance audit, unless there is evidence of fraud or other violation of state law in connection with this Agreement. This audit does not fulfill the audit requirements of Paragraph c(3) below. The audit shall be completed by the 15th day of the fifth month following the end of the Contractor's fiscal year, **and/or**

(3) If the Contractor is a State or Local Government entity or Nonprofit organization (as defined by the Federal Office of Management and Budget [OMB] Circular A-133) and expends $500,000 or more in

Federal awards, the Contractor agrees to obtain an annual single, organization wide, financial and compliance audit according to the requirements specified in OMB Circular A-133 entitled "Audits of States, Local Governments, and Non-Profit Organizations". An audit conducted pursuant to this provision will fulfill the audit requirements outlined in Paragraphs c(1) and c(2) above. The audit shall be completed by the end of the ninth month following the end of the audit period. The requirements of this provision apply if:

(a) The Contractor is a recipient expending Federal awards received directly from Federal awarding agencies, or

(b) The Contractor is a subrecipient expending Federal awards received from a pass-through entity such as the State, County or community based organization.

(4) If the Contractor submits to CDPH a report of an audit other than an OMB A-133 audit, the Contractor must also submit a certification indicating the Contractor has not expended $500,000 or more in federal funds for the year covered by the audit report.

d. Two copies of the audit report shall be delivered to the CDPH program funding this Agreement. The audit report must identify the Contractor's legal name and the number assigned to this Agreement. The audit report shall be due within 30 days after the completion of the audit. Upon receipt of said audit report, the CDPH Program Contract Manager shall forward the audit report to CDPH's Audits and Investigations Unit if the audit report was submitted under Section 16.c(3), unless the audit report is from a City, County, or Special District within the State of California whereby the report will be retained by the funding program.

e. The cost of the audits described herein may be included in the funding for this Agreement up to the proportionate amount this Agreement represents of the Contractor's total revenue. The CDPH program funding this Agreement must provide advance written approval of the specific amount allowed for said audit expenses.

f. The State or its authorized designee, including the Bureau of State Audits, is responsible for conducting agreement performance audits which are not financial and compliance audits. Performance audits are defined by Generally Accepted Government Auditing Standards.

g. Nothing in this Agreement limits the State's responsibility or authority to enforce State law or regulations, procedures, or reporting requirements arising thereto.

h. Nothing in this provision limits the authority of the State to make audits of this Agreement, provided however, that if independent audits arranged for by the Contractor meet Generally Accepted Governmental Auditing Standards, the State shall rely on those audits and any additional audit work and shall build upon the work already done.

i. The State may, at its option, direct its own auditors to perform either of the audits described above. The Contractor will be given advance written notification, if the State chooses to exercise its option to perform said audits.

j. The Contractor shall include a clause in any agreement the Contractor enters into with the audit firm doing the single organization wide audit to provide access by the State or Federal Government to the working papers of the independent auditor who prepares the single organization wide audit for the Contractor.

k. Federal or state auditors shall have "expanded scope auditing" authority to conduct specific program audits during the same period in which a single organization wide audit is being performed, but the audit report has not been issued. The federal or state auditors shall review and have access to the current audit work being conducted and will not apply any testing or review procedures which have not been satisfied by previous audit work that has been completed.

The term "expanded scope auditing" is applied and defined in the U.S. General Accounting Office (GAO) issued Standards for *Audit of Government Organizations, Programs, Activities and Functions*, better known as the "yellow book".

17. Human Subjects Use Requirements

(Applicable only to federally funded agreements/grants in which performance, directly or through a subcontract/subaward, includes any tests or examination of materials derived from the human body.)

By signing this Agreement, Contractor agrees that if any performance under this Agreement or any subcontract or subagreement includes any tests or examination of materials derived from the human body for the purpose of providing information, diagnosis, prevention, treatment or assessment of disease, impairment, or health of a human being, all locations at which such examinations are performed shall meet the requirements of 42 U.S.C. Section 263a (CLIA) and the regulations thereunder.

18. Novation Requirements

If the Contractor proposes any novation agreement, CDPH shall act upon the proposal within 60 days after receipt of the written proposal. CDPH may review and consider the proposal, consult and negotiate with the Contractor, and accept or reject all or part of the proposal. Acceptance or rejection of the proposal may be made orally within the 60-day period and confirmed in writing within five days of said decision. Upon written acceptance of the proposal, CDPH will initiate an amendment to this Agreement to formally implement the approved proposal.

19. Debarment and Suspension Certification

(Applicable to all agreements funded in part or whole with federal funds.)

a. By signing this Agreement, the Contractor/Grantee agrees to comply with applicable federal suspension and debarment regulations including, but not limited to 7 CFR Part 3017, 45 CFR 76, 40 CFR 32 or 34 CFR 85.

b. By signing this Agreement, the Contractor certifies to the best of its knowledge and belief, that it and its principals:

(1) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any federal department or agency;

(2) Have not within a three-year period preceding this application/proposal/agreement been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

(3) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in Paragraph b(2) herein; and

(4) Have not within a three-year period preceding this application/proposal/agreement had one or more public transactions (Federal, State or local) terminated for cause or default.

(5) Shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under federal regulations (i.e., 48 CFR part 9, subpart 9.4), debarred, suspended, declared ineligible, or voluntarily excluded from participation in such transaction, unless authorized by the State.

(6) Will include a clause entitled, "Debarment and Suspension Certification" that essentially sets forth the provisions herein, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

c. If the Contractor is unable to certify to any of the statements in this certification, the Contractor shall submit an explanation to the CDPH Program Contract Manager.

d. The terms and definitions herein have the meanings set out in the Definitions and Coverage sections of the rules implementing Federal Executive Order 12549.

e. If the Contractor knowingly violates this certification, in addition to other remedies available to the Federal Government, the CDPH may terminate this Agreement for cause or default.

20. Smoke-Free Workplace Certification

(Applicable to federally funded agreements/grants and subcontracts/subawards, that provide health, day care, early childhood development services, education or library services to children under 18 directly or through local governments.)

a. Public Law 103-227, also known as the Pro-Children Act of 1994 (Act), requires that smoking not be permitted in any portion of any indoor facility owned or leased or contracted for by an entity and used routinely or regularly for the provision of health, day care, early childhood development services, education or library services to children under the age of 18, if the services are funded by federal programs either directly or through state or local governments, by federal grant, contract, loan, or loan guarantee. The law also applies to children's services that are provided in indoor facilities that are constructed, operated, or maintained with such federal funds. The law does not apply to children's services provided in private residences; portions of facilities used for inpatient drug or alcohol treatment; service providers whose sole source of applicable federal funds is Medicare or Medicaid; or facilities where WIC coupons are redeemed.

b. Failure to comply with the provisions of the law may result in the imposition of a civil monetary penalty of up to $1,000 for each violation and/or the imposition of an administrative compliance order on the responsible party.

c. By signing this Agreement, Contractor or Grantee certifies that it will comply with the requirements of the Act and will not allow smoking within any portion of any indoor facility used for the provision of services for children as defined by the Act. The prohibitions herein are effective December 26, 1994.

d. Contractor or Grantee further agrees that it will insert this certification into any subawards (subcontracts or subgrants) entered into that provide for children's services as described in the Act.

21. Covenant Against Contingent Fees

(Applicable only to federally funded agreements.)

The Contractor warrants that no person or selling agency has been employed or retained to solicit/secure this Agreement upon an agreement of understanding for a commission, percentage, brokerage, or contingent fee, except *bona fide* employees or *bona fide* established commercial or selling agencies retained by the Contractor for the purpose of securing business. For breach or violation of this warranty, CDPH shall have the right to annul this Agreement without liability or in its discretion to deduct from the Agreement price or consideration, or otherwise recover, the full amount of such commission, percentage, and brokerage or contingent fee.

22. Payment Withholds

(Applicable only if a final report is required by this Agreement. Not applicable to government entities.)

Unless waived or otherwise stipulated in this Agreement, CDPH may, at its discretion, withhold 10 percent (10%) of the face amount of the Agreement, 50 percent (50%) of the final invoice, or $3,000 whichever is greater, until CDPH receives a final report that meets the terms, conditions and/or scope of work requirements of this Agreement.

23. Performance Evaluation

(Not applicable to grant agreements.)

CDPH may, at its discretion, evaluate the performance of the Contractor at the conclusion of this Agreement.

If performance is evaluated, the evaluation shall not be a public record and shall remain on file with CDPH. Negative performance evaluations may be considered by CDPH prior to making future contract awards.

24. Officials Not to Benefit

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

25. Four-Digit Date Compliance

(Applicable to agreements in which Information Technology (IT) services are provided to CDPH or if IT equipment is procured.)

Contractor warrants that it will provide only Four-Digit Date Compliant (as defined below) Deliverables and/or services to the State. "Four Digit Date compliant" Deliverables and services can accurately process, calculate, compare, and sequence date data, including without limitation date data arising out of or relating to leap years and changes in centuries. This warranty and representation is subject to the warranty terms and conditions of this Contract and does not limit the generality of warranty obligations set forth elsewhere herein.

26. Prohibited Use of State Funds for Software

(Applicable to agreements in which computer software is used in performance of the work.)

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

27. Use of Small, Minority Owned and Women's Businesses

(Applicable to that portion of an agreement that is federally funded and entered into with institutions of higher education, hospitals, nonprofit organizations or commercial businesses.)

Positive efforts shall be made to use small businesses, minority-owned firms and women's business enterprises, whenever possible (i.e., procurement of goods and/or services). Contractors shall take all of the following steps to further this goal.

(1) Ensure that small businesses, minority-owned firms, and women's business enterprises are used to the fullest extent practicable.

(2) Make information on forthcoming purchasing and contracting opportunities available and arrange time frames for purchases and contracts to encourage and facilitate participation by small businesses, minority-owned firms, and women's business enterprises.

(3) Consider in the contract process whether firms competing for larger contracts intend to subcontract with small businesses, minority-owned firms, and women's business enterprises.

(4) Encourage contracting with consortiums of small businesses, minority-owned firms and women's business enterprises when a contract is too large for one of these firms to handle individually.

(5) Use the services and assistance, as appropriate, of such organizations as the Federal Small Business Administration and the U.S. Department of Commerce's Minority Business Development Agency in the solicitation and utilization of small businesses, minority-owned firms and women's business enterprises.

28. Alien Ineligibility Certification

(Applicable to sole proprietors entering federally funded agreements.)

By signing this Agreement, the Contractor certifies that he/she is not an alien that is ineligible for state and local benefits, as defined in Subtitle B of the Personal Responsibility and Work Opportunity Act. (8 U.S.C. 1601, et seq.)

29. Union Organizing

(Applicable only to grant agreements.)

Grantee, by signing this Agreement, hereby acknowledges the applicability of Government Code Sections 16645 through 16649 to this Agreement. Furthermore, Grantee, by signing this Agreement, hereby certifies that:

a. No state funds disbursed by this grant will be used to assist, promote or deter union organizing.

b. Grantee shall account for state funds disbursed for a specific expenditure by this grant, to show those funds were allocated to that expenditure.

c. Grantee shall, where state funds are not designated as described in b herein, allocate, on a pro-rata basis, all disbursements that support the grant program.

d. If Grantee makes expenditures to assist, promote or deter union organizing, Grantee will maintain records sufficient to show that no state funds were used for those expenditures, and that Grantee shall provide those records to the Attorney General upon request.

30. Contract Uniformity (Fringe Benefit Allowability)

(Applicable only to nonprofit organizations.)

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

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

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

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

c. Specific allowable fringe benefits include:

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

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

(1) Be necessary and reasonable for the performance of the Agreement.
(2) Be determined in accordance with generally accepted accounting principles.

(3) Be consistent with policies that apply uniformly to all activities of the Contractor.

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

f. Earned/Accrued Compensation

(1) Compensation for vacation, sick leave and holidays is limited to that amount earned/accrued within the agreement term. Unused vacation, sick leave and holidays earned from periods prior to the agreement term cannot be claimed as allowable costs. See Provision f (3)(a) for an example.

(2) For multiple year agreements, vacation and sick leave compensation, which is earned/accrued but not paid, due to employee(s) not taking time off may be carried over and claimed within the overall term of the multiple years of the Agreement. Holidays cannot be carried over from one agreement year to the next. See Provision f (3)(b) for an example.

(3) For single year agreements, vacation, sick leave and holiday compensation that is earned/accrued but not paid, due to employee(s) not taking time off within the term of the Agreement, cannot be claimed as an allowable cost. See Provision f (3)(c) for an example.

(a) **Example No. 1:**

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

(b) **Example No. 2:**

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

(c) **Example No. 3:**

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

31. Lobbying Restrictions and Disclosure Certification

(Applicable to federally funded agreements in excess of $100,000 per Section 1352 of the 31, U.S.C.)

a. Certification and Disclosure Requirements

(1) Each person (or recipient) who requests or receives a contract or agreement, subcontract, grant, or subgrant, which is subject to Section 1352 of the 31, U.S.C., and which exceeds $100,000 at any tier, shall file a certification (in the form set forth in Attachment 1, consisting of one page, entitled "Certification Regarding Lobbying") that the recipient has not made, and will not make, any payment prohibited by Paragraph b of this provision.

(2) Each recipient shall file a disclosure (in the form set forth in Attachment 2, entitled "Standard Form-LLL 'disclosure of Lobbying Activities'") if such recipient has made or has agreed to make any payment using nonappropriated funds (to include profits from any covered federal action) in connection with a contract, or grant or any extension or amendment of that contract, or grant, which would be prohibited under Paragraph b of this provision if paid for with appropriated funds.

(3) Each recipient shall file a disclosure form at the end of each calendar quarter in which there occurs any event that requires disclosure or that materially affect the accuracy of the information contained in any disclosure form previously filed by such person under Paragraph a(2) herein. An event that materially affects the accuracy of the information reported includes:

(a) A cumulative increase of $25,000 or more in the amount paid or expected to be paid for influencing or attempting to influence a covered federal action;

(b) A change in the person(s) or individuals(s) influencing or attempting to influence a covered federal action; or

(c) A change in the officer(s), employee(s), or member(s) contacted for the purpose of influencing or attempting to influence a covered federal action.

(4) Each person (or recipient) who requests or receives from a person referred to in Paragraph a(1) of this provision a contract or agreement, subcontract, grant or subgrant exceeding $100,000 at any tier under a contract or agreement, or grant shall file a certification, and a disclosure form, if required, to the next tier above.

(5) All disclosure forms (but not certifications) shall be forwarded from tier to tier until received by the person referred to in Paragraph a(1) of this provision. That person shall forward all disclosure forms to CDPH Program Contract Manager.

b. Prohibition

Section 1352 of Title 31, U.S.C., provides in part that no appropriated funds may be expended by the recipient of a federal contract or agreement, grant, loan, or cooperative agreement to pay any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with any of the following covered federal actions: the awarding of any federal contract or agreement, the making of any federal grant, the making of any federal loan, entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract or agreement, grant, loan, or cooperative agreement.

Attachment 1

STATE OF CALIFORNIA
CALIFORNIA DEPARTMENT OF PUBLIC HEALTH

CERTIFICATION REGARDING LOBBYING

The undersigned certifies, to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the making, awarding or entering into of this Federal contract, Federal grant, or cooperative agreement, and the extension, continuation, renewal, amendment, or modification of this Federal contract, grant, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency of the United States Government, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, or cooperative agreement, the undersigned shall complete and submit Standard Form LLL, "Disclosure of Lobbying Activities" in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontractors, subgrants, and contracts under grants and cooperative agreements) of $100,000 or more, and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S.C., any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

ICEMA	Janice Rutherford
Name of Contractor	Printed Name of Person Signing for Contractor
Contract / Grant Number	Signature of Person Signing for Contractor
	Chair, ICEMA Governing Board
Date	Title

After execution by or on behalf of Contractor, please return to:

California Department of Public Health

CDPH reserves the right to notifiy the contractor in writing of an alternate submission address.

Attachment 2

CERTIFICATION REGARDING LOBBYING

Complete this form to disclose lobbying activities pursuant to 31 U.S.C. 1352
(See reverse for public burden disclosure)

Approved by OMB
0348-0046

1. Type of Federal Action: [B] a. contract b. grant c. cooperative agreement d. loan e. loan guarantee f. loan insurance	2. Status of Federal Action: [ ] a. bid/offer/application b. initial award c. post-award	3. Report Type: [ ] a. initial filing b. material change For Material Change Only: Year _____ quarter _____ date of last report _____.

4. Name and Address of Reporting Entity: ☐ Prime ☒ Subawardee Tier ___, if known: Congressional District, if known:	5. If Reporting Entity in No. 4 is Subawardee, Enter Name and Address of Prime: Congressional District, if known:
6. Federal Department/Agency	7. Federal Program Name/Description: CDFA Number, if applicable: 93.889
8. Federal Action Number, if known:	9. Award Amount, if known: $
10.a. Name and Address of Lobbying Registrant *(If individual, last name, first name, MI)*:	b. Individuals Performing Services *(including address if different from 10a.* ***(Last name, First name, MI)***:
11. Information requested through this form is authorized by title 31 U.S.C. section 1352. This disclosure of lobbying activities is a material representation of fact upon which reliance was placed by the tier above when this transaction was made or entered into. This disclosure is required pursuant to 31 U.S.C. 1352. This information will be available for public inspection. required disclosure shall be subject to a not more than $100,000 for each such failure.	Signature: _____ Print Name: _____ Title: Telephone No.: _____ Date: _____
Federal Use Only	Authorized for Local Reproduction Standard Form-LLL (Rev. 7-97)

INSTRUCTIONS FOR COMPLETION OF SF-LLL, DISCLOSURE OF LOBBYING ACTIVITIES

This disclosure form shall be completed by the reporting entity, whether subawardee or prime Federal recipient, at the initiation or receipt of a covered Federal action, or a material change to a previous filing, pursuant to title 31 U.S.C. section 1352. The filing of a form is required for each payment or agreement to make payment to any lobbying entity for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with a covered Federal action. Complete all items that apply for both the initial filing and material change report. Refer to the implementing guidance published by the Office of Management and Budget for additional information.

1. Identify the type of covered Federal action for which lobbying activity is and/or has been secured to influence the outcome of a covered Federal action.
2. Identify the status of the covered Federal action.
3. Identify the appropriate classification of this report. If this is a follow-up report caused by a material change to the information previously reported, enter the year and quarter in which the change occurred. Enter the date of the last previously submitted report by this reporting entity for this covered Federal action.
4. Enter the full name, address, city, State and zip code of the reporting entity. Include Congressional District, if known. Check the appropriate classification of the reporting entity that designates if it is, or expects to be a prime or subaward recipient. Identify the tier of the subawardee, e.g., the first subawardee of the prime is the 1st tier. Subawards include but are not limited to subcontracts, subgrants and contract awards under grants.
5. If the organization filing the report in item 4 checks "Subawardee," then enter the full name, address, city, State and zip code of the prime Federal recipient. Include Congressional District, if known.
6. Enter the name of the Federal agency making the award or loan commitment. Include at least one organizational level below agency name, if known. For example, Department of Transportation, United States Coast Guard.
7. Enter the Federal program name or description for the covered Federal action (item 1). If known, enter the full Catalog of Federal Domestic Assistance (CFDA) number for grants, cooperative agreements, loans, and loan commitments.
8. Enter the most appropriate Federal identifying number available for the Federal action identified in item 1 (e.g., Request for Proposal (RFP) number; Invitation for Bid (IFB) number; grant announcement number; the contract, grant, or loan award number; the application/proposal control number assigned by the Federal agency). Include prefixes, e.g., "RFP-DE-90-001."
9. For a covered Federal action where there has been an award or loan commitment by the Federal agency, enter the Federal amount of the award/loan commitment for the prime entity identified in item 4 or 5.
10. (a) Enter the full name, address, city, State and zip code of the lobbying registrant under the Lobbying Disclosure Act of 1995 engaged by the reporting entity identified in item 4 to influence the covered Federal action.

    (b) Enter the full names of the individual(s) performing services, and include full address if different from 10 (a). Enter Last Name, First Name, and Middle Initial (MI).
11. The certifying official shall sign and date the form, print his/her name, title, and telephone number.

According to the Paperwork Reduction Act, as amended, no persons are required to respond to a collection of information unless it displays a valid OMB Control Number. The valid OMB control number for this information collection is OMB No. 0348-0046. Public reporting burden for this collection of information is estimated to average 10 minutes per response, including time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Office of Management and Budget, Paperwork Reduction Project (0348-0046), Washington, DC 20503.

ICEMA (San Bernardino)
2013-14
Agreement No. EPO 13-63

EXHIBIT E

2013-14 Hospital Preparedness Program (HPP) Funding

NON-SUPPLANTATION CERTIFICATION FORM

_____
(City/County Name of Local Health Department and/or Local HPP Entity)

I hereby certify that the above-named Local Health Department (LHD) and/or Local HPP Entity shall not use funds allocated by the California Department of Public Health (CDPH) to supplant funding for existing levels of service and that funds shall only be used for the purposes specified in the Fiscal Year (FY) 2013-2014 PHEP, GF Pan Flu, and HPP Funding Agreement as approved by the CDPH.

I further certify that funds received shall be deposited in an interest-bearing Local Public Health Preparedness Trust Fund as per the Health and Safety Code, Section 101317 and expended only for the purposes stated in the LHDs and/or Local HPP Entity's Grant Application Work Plan and Budget, as approved by the CDPH.

Chairperson, Board of Supervisors, Mayor of a City or designee:

Signature: Janice Rutherford
Printed Name: Janice Rutherford
Title: Chair, Inland Counties Emergency Medical Agency
Phone:909-388-5823
Date: OCT 08 2013

Please return the original signed certification with your FY 2013-2014 HPP Funding Agreement to:

California Department Public Health
Emergency Preparedness Office
Attn: Local Management Unit
MS 7002
P.O. Box 997377
Sacramento, CA 95899-7377

SIGNED AND CERTIFIED THAT A COPY OF THIS DOCUMENT HAS BEEN DELIVERED TO THE CHAIRMAN OF THE BOARD
LAURA H. WELCH
Clerk of the Board of Supervisors
of the County of San Bernardino
By _____ Deputy

INLAND COUNTIES EMERGENCY MEDICAL AGENCY

EXHIBIT B

HOSPITAL PREPAREDNESS PROGRAM PARTICIPANTS
CAPABILITY DELIVERABLES AGREEMENT
For HPP FY 2013-14

St. Mary Medical Center agrees to accomplish and provide the following documentation to the HPP Coordinator on the following dates:

DELIVERABLE	ALLOCATION %
MOU DELIVERABLES CONTACTS: Due on or before March 28, 2014. Job description and appointment letter of who is assigned to work on these deliverable capabilities from your Administration.	**Eligibility Requirement**
HOSPITAL DISASTER CONTACTS: Due by March 28, 2014. Complete Disaster Contacts and maintain throughout the year submit update when your facility has changes in staff/positions.	**Eligibility Requirement**
MEDICAL DECONTAMINATION PLAN: Due by March 28, 2014 (include roster of trained staff).	**5 %**
MEDICAL EVACUATION PLAN/SHELTER IN PLACE PLAN: Due by March 28, 2014.	**11 %**
SURGE PLAN: Due by March 28, 2014.	**12%**
MASS FATALITY INCIDENT PLAN: Due by March 28, 2014.	**12 %**
CONTINUITY PLANNING: Participate in continuity planning as evidenced by attendance records (CDPH Webinar & CHA Checklist).	**10 %**
COALITION MEETINGS: Participation in the HP3 Coalition Meetings 2013-14 as outlined in the by-laws and evidenced by attendance records.	**10 %**
EXERCISE PARTICIPATION: Provide copy of attendance roster for participation in: a. Great ShakeOut b. Statewide Exercise and **After Action Report due January 21, 2014.** 800 MHz radio and ReddiNet participation required as evidenced by call down roster.	**20 %**
HAZARD VULNERABILITY ANALYSIS: Due by March 28, 2014.	**15 %**

EXHIBIT B

HOSPITAL PREPAREDNESS PROGRAM PARTICIPANTS
CAPABILITY DELIVERABLES AGREEMENT
For HPP FY 2013-14

PRACTICE/REFRESHER & ADDITIONAL TRAINING: Participant sign-in sheets agendas and participant rosters due on or before April 15, 2014.	**5 %**
EQUIPMENT ON SITE INSPECTION COMPLETED BY APRIL 15, 2014: Visual inspections of storage area(s), physical inspection of generators and lighting. Refrigerated container needs to be powered up by your staff. Have a copy of your equipment inspection/preventative maintenance documentation ready for reviewers.	**Eligibility Requirement**
TOTAL ALLOCATION	**100 %**

Exhibit 5 to Section 999.5(d)(5)(I)

County Contract # 20-527

St. Joseph Health
St. Mary

CONTRACT COVER SHEET

Vendor: Inland Counties Emergency Medical Agency (STEMI Receiving Center)

☐ New Agreement **OR** X Existing Agreement (attach most recent annual contract evaluation)

Type of Agreement:

☐ Clinical Affiliation ☐ Physician ☐ Transfer
☐ Service ☐ Software ☐ Staffing
☐ Consulting ☐ Lease ☐ Equipment
X Other: Receiving of Critical STEMI

Effective Date: 7/1/2020

Expiration Date: 6/30/2025

Justification (why is this contract needed?):

Renewal to existing contact

What is the cost impact of this contract? How did you calculate this amount?:

Documentation attached:

X OIG Query
http://exclusions.oig.hhs.gov/
X GSA Query
(https://www.sam.gov/portal/public/SAM/#1)
☐ Business Associate Agreement
(not required for Clinical Affiliation Agreements)
☐ Conflict of Interest Statement Attached?

SJHS Legal Review?

☐ Template
☐ e-mail attached
☑ N/A

Does director have invoice sign-off authority up to authorized amount?

☐ Yes X No

Is annual contract evaluation required?

☐ Yes X No

QA/PI (PIAC) Reporting:
If one or more of the following criteria are checked, QA PI reporting is required and the attached document must be integrated at time of evaluation.

☐ Indirect Patient Contact
X Direct Patient Contact

Physician Agreements:
Is Fair Market Value within the 25th to 75th percentile? *(If no, Board approval is required)*

☐ Yes ☐ No X N/A

Date of Board approval: _____

☐ Documentation of Need attached

Reviewed by:

Michelle Lundstrom 4/24/2020
Reviewed by Department Director (Signature) Date

Reviewed by Vice President (Signature) Date

Does this agreement include staff not employed by SMMC? ☐ Yes* ☑ No
** If yes, agreement must be referred to Vice President of Human Resources for review*

N/A
Reviewed by Vice President, Human Resources (Signature) Date

Are other departments involved? ☐ Yes* ☑ No
** If yes, agreement must be referred to involved department Vice President for review*

N/A
Reviewed by Vice President (Signature) Date

N/A
VP, Strategic Services (Signature) for physician contracts only Date

Tracy Fernandez 4/30/20
Reviewed by CFO (Signature) Date

M Drone 5/4/20
Reviewed by COO (Signature) Date

N/A
Reviewed by CEO (Signature) Date
(only physician contracts require CEO review/signature)

Copies to: Tracey Fernandez
Mia Bunch
Marilyn Drone

REPORT/RECOMMENDATION TO THE BOARD OF DIRECTORS OF THE INLAND COUNTIES EMERGENCY MEDICAL AGENCY AND RECORD OF ACTION

June 23, 2020

FROM
THOMAS G. LYNCH, EMS Administrator, Inland Counties Emergency Medical Agency

SUBJECT
Contracts with Local Hospitals for Cardiovascular ST Elevation Myocardial Infarction Receiving Center Designation

RECOMMENDATION(S)
Acting as the governing body of the Inland Counties Emergency Medical Agency (ICEMA):

1. Approve **Revenue Contracts** with each of the hospitals listed below, extending the term by an additional five years (from July 1, 2020 through June 30, 2025), in which ICEMA shall continue to receive an annual fee of $17,445 from each contract to offset the costs associated with designating these hospitals as a Cardiovascular ST Elevation Myocardial Infarction (STEMI) Receiving Center:
   a. Desert Valley Hospital. **Contract No. 20-522.**
   b. Loma Linda University Medical Center. **Contract No. 20-523.**
   c. Pomona Valley Hospital Medical Center. **Contract No. 20-524.**
   d. San Antonio Regional Hospital. **Contract No. 20-525.**
   e. St. Bernardine Medical Center. **Contract No. 20-526.**
   f. St. Mary Medical Center. **Contract No. 20-527.**

(Presenter: Thomas G. Lynch, EMS Administrator, 388-5830)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES
Provide for the Safety, Health and Social Service Needs of County Residents.

FINANCIAL IMPACT
Approval of this item will not result in the use of Discretionary General Funding (Net County Cost). The annual fee of $17,445 paid by each hospital will cover the costs incurred by ICEMA related to the evaluation and oversight of the Cardiovascular STEMI program. Revenue and appropriation from these contracts are included in ICEMA's 2020-21 budget and will be included in future recommended budgets.

BACKGROUND INFORMATION
ICEMA, as the local Emergency Medical Services (EMS) agency, is responsible for ensuring effective EMS for the Counties of San Bernardino, Inyo, and Mono. ICEMA administers State and local codes and regulations governing the provision of emergency medical care to the sick and injured at the scene of an emergency and during transport to an acute care hospital. ICEMA ensures an effective system of quality patient care and coordinated emergency medical response by planning, implementing and evaluating an effective emergency medical services system including pre-hospital providers, specialty care hospitals and hospitals.

Approval of these contracts will allow the hospitals listed above to receive and provide care for STEMI patients, as well as allow ICEMA to administer, monitor, evaluate, and provide continuous quality improvement programs of the implemented STEMI Care System.

On April 22, 2008 (Item No. 87), the Board of Directors (Board) authorized ICEMA to establish STEMI Receiving Centers.

ICEMA has since entered into a number of different contracts and MOUs with various hospitals, including: Desert Valley Hospital (August 7, 2012, Item No. 50 and June 28, 2016, Item No. 99); Loma Linda University Medical Center (October 21, 2008, Item No. 87 and June 28, 2016, Item No. 99); Pomona Valley Medical Center (December 9, 2008, Item No. 109 and June 28, 2016, Item No. 99); San Antonio Regional Hospital (October 21, 2008, Item No. 87 and June 28, 2016, Item No. 99), St. Bernardine Medical Center (April 28, 2009, Item No. 47 and June 28, 2016, Item No. 99), and St. Mary Medical Center (December 9, 2008, Item No. 109 and June 28, 2016, Item No. 99)

This item seeks to establish new contracts with these hospitals and all contracts will include the same contract term dates and will reflect consistent standard contract language.

On July 1, 2019, the State of California's STEMI Critical Care System Regulations became effective. To align current STEMI Receiving Center Designation standards with State regulations, ICEMA updated its STEMI designation policy to reflect language from the California Code of Regulations, Title 22, Division 9, Chapter 7.1, STEMI Critical Care System. Cardiovascular STEMI Receiving Centers Designation will now be referred to as a STEMI Critical Care System. This language change will also be changed in the new contracts.

The goal of designating STEMI Receiving Centers is to identify medical facilities that have an organized approach to treatment of STEMI patients with qualified staff and appropriate capabilities. EMS field personnel, who are specially trained to identify STEMI patients in the pre-hospital setting, can rapidly transport STEMI patients directly to designated centers for timely treatment. The data demonstrates that the survival from a STEMI is largely dependent upon prompt recognition and transport to facilities demonstrating the ability and commitment to provide rapid care with the proper resources.

PROCUREMENT
Not applicable.

REVIEW BY OTHERS
This item has been reviewed by County Counsel (John Tubbs II, Deputy County Counsel, 387-3203) on April 13, 2020; Risk Management (LeAnna Williams, Risk Assessment Officer, 386-8623) on April 13, 2020; Finance (Carl Lofton, Administrative Analyst, 387-5404) on June 8, 2020; and County Finance and Administration (Matthew Erickson, County Chief Financial Officer, 387-5423) on June 8, 2020.

Contracts with Local Hospitals for Cardiovascular ST Elevation Myocardial Infarction Receiving Center Designation
June 23, 2020

Record of Action of the Board of Directors
Inland Counties Emergency Medical Agency (ICEMA)

APPROVED (CONSENT CALENDAR)

Moved: Josie Gonzales Seconded: Robert A. Lovingood
Ayes: Robert A. Lovingood, Janice Rutherford, Dawn Rowe, Curt Hagman, Josie Gonzales

Lynna Monell, SECRETARY

BY Lynna Monell
DATED: June 23, 2020

cc: ICEMA- Lynch w/agree
Contractor- C/O ICEMA w/agree
File- w/agree

la 07/6/2020

THE INFORMATION IN THIS BOX IS NOT A PART OF THE CONTRACT AND IS FOR COUNTY USE ONLY

Contract Number 20-527

SAP Number

Inland Counties Emergency Medical Agency

Department Contract Representative	Thomas G. Lynch
Telephone Number	(909) 388-5823
Hospital	St. Mary Medical Center
Hospital Representative	Randall Castillo, CEO
Telephone Number	760-242-2311
Contract Term	July 1, 2020 - June 30, 2025
Original Contract Amount	$87,225
Amendment Amount	
Total Contract Amount	$87,225
Cost Center	1110002686

IT IS HEREBY AGREED AS FOLLOWS:

This CONTRACT is entered into by and between **INLAND COUNTIES EMERGENCY MEDICAL AGENCY** (hereinafter referred to as "**ICEMA**") which is the local emergency medical services (EMS) agency for the County of San Bernardino (hereinafter referred to as "**COUNTY**") and **ST. MARY MEDICAL CENTER** (hereinafter referred to as "**HOSPITAL**"), which maintains an acute care hospital located in San Bernardino County, California. ICEMA and HOSPITAL are hereinafter collectively referred to as the "Parties".

WHEREAS, ICEMA has implemented a ST Elevation Myocardial Infarction (STEMI) Critical Care System; and,

WHEREAS, ICEMA wishes to assure the highest quality of care by directing STEMI patients to facilities committed to meeting STEMI Receiving Center standards; and

WHEREAS, ICEMA has found that the HOSPITAL meets ICEMA STEMI Receiving Center standards; and

WHEREAS, HOSPITAL is willing to accept designation as a STEMI Receiving Center; and

WHEREAS, HOSPITAL by virtue of the Parties' execution of this CONTRACT will be designated by ICEMA as a STEMI Receiving Center under the terms of the CONTRACT;

NOW, THEREFORE, ICEMA and HOSPITAL mutually agree to the following terms and conditions:

1. DEFINITIONS

1.1 Continuous Quality Improvement (CQI) Program: The multi-disciplinary peer-review committee, comprised of representatives from the STEMI Receiving Centers and other professionals designated by ICEMA, which audits the STEMI Critical Care System, makes recommendations for system improvements, and functions in an advisory capacity on other STEMI Critical Care System issues. Committee members designated by ICEMA may include, but are not limited to, STEMI Receiving Center medical directors and program managers, representatives from other local hospitals, interventional and non-interventional cardiologists, emergency medicine sub-specialists, and representatives from ground and flight EMS providers.

1.2 EMTALA: The Emergency Medical Treatment and Active Labor Act (42 U.S.C § 1395dd).

1.3 HIPAA: The Health Insurance Portability and Accountability Act of 1996, including regulations promulgated thereunder, as amended from time to time.

1.4 STEMI Patient: A person evaluated by EMS field personnel, physician, nursing or other clinical personnel according to the policies and procedures established by ICEMA, as may be amended from time to time, and been found to require STEMI Receiving Center services due to symptoms of myocardial infarction in association with ST-Segment Elevation in an Electrocardiogram (ECG).

1.5 STEMI Critical Care System: An integrated ICEMA approved prehospital and hospital program that is intended to direct patients with field identified STEMI directly to hospitals with specialized capabilities to promptly treat these patients.

1.6 STEMI Receiving Center: A licensed general acute care facility able to perform Percutaneous Coronary Intervention (PCI) meeting ICEMA approved standards, which has been designated as a STEMI Center by ICEMA.

1.7 STEMI Receiving Center Services: The customary and appropriate hospital and physician services provided by a STEMI Receiving Center to a STEMI patient, which, at a minimum, meet STEMI Center standards.

1.8 STEMI Information System: The computer information system maintained by each STEMI Receiving Center which captures the presentation, diagnostic, treatment and outcome data sets required by ICEMA and the STEMI Receiving Center standards.

1.9 STEMI Receiving Center Standards: The standards applicable to STEMI critical care receiving center designation as set forth in the attached Exhibit I of this CONTRACT, and ICEMA policies and protocols, as may be amended from time to time.

2. TERM OF CONTRACT

The term of this CONTRACT is effective July 1, 2020, and expires June 30, 2025, but may be terminated earlier in accordance with provisions of this CONTRACT.

3. FISCAL PROVISIONS

HOSPITAL shall pay ICEMA a fee of $17,445 per year. The fee shall be utilized to offset ICEMA's costs of administering, monitoring and evaluating the STEMI Critical Care System including designation of STEMI Centers, STEMI referral centers, prehospital care provider performance, quality improvement programs, field education and medical control protocols including interfacility transfer policies. The fee shall be revaluated on an annual basis to ensure system costs are being properly assessed and shall be paid in full within fifteen (15) calendar days of July 1 of each year of this CONTRACT. ICEMA shall notify

HOSPITAL of any pending increase in the annual fee at least 90 days prior to such increase to enable HOSPITAL to terminate CONTRACT pursuant to Section 10 ("Termination"). If this CONTRACT is implemented in the middle of a fiscal year, the annual fee shall be prorated based upon signing date. In the event of the termination of this CONTRACT by ICEMA or HOSPITAL without cause, ICEMA shall return to HOSPITAL a prorated amount of the annual fee paid by HOSPITAL for that year for the period of time remaining in the fiscal year after the effective date of termination. The fee is not otherwise refundable in whole or in part.

4. HOSPITAL RESPONSIBILITIES

4.1 HOSPITAL shall provide STEMI Receiving Center services to STEMI patients who arrive by EMS transport or walk-ins to the emergency department of HOSPITAL, regardless of the ability to pay physician fees and/or HOSPITAL costs. For the purpose of this CONTRACT, the phrase "comes to the emergency department" shall have the same meaning as set forth in EMTALA and the regulations promulgated there under. HOSPITAL acknowledges that ICEMA makes no representation, and does not guarantee that STEMI patients will be delivered or diverted to HOSPITAL for care and cannot assure that a minimum number of STEMI patients will be delivered to HOSPITAL during the term of this CONTRACT.

4.2 Any transfer of a STEMI patient by HOSPITAL must be in accordance with EMTALA, Continuation of Care and other ICEMA approved policies.

4.3 HOSPITAL shall comply with the STEMI Receiving Center standards described in Exhibit I, which is attached and incorporated into this CONTRACT and any subsequent amendments. Any subsequent amendments to the policy will be reviewed by the STEMI CQI Committee.

4.4 HOSPITAL shall monitor compliance with STEMI Receiving Center standards on a regular and ongoing basis. Documentation of such efforts shall be available to ICEMA upon request.

4.5 HOSPITAL shall maintain an adequate number of physicians, surgeons, nurses, and other medical staff possessing that degree of learning and skill ordinarily possessed by medical personnel practicing in the same or similar circumstances.

4.6 HOSPITAL shall provide all persons, employees, supplies, equipment, and facilities needed to perform the services required under this CONTRACT.

4.7 HOSPITAL shall notify ICEMA, in writing, within three (3) business days of having identified any failure to meet STEMI Receiving Center standards, and take corrective action within a reasonable period of time to correct the failure.

4.8 HOSPITAL shall promptly notify ICEMA of any circumstances that will prevent HOSPITAL from providing STEMI services.

4.9 HOSPITAL shall comply with any ICEMA plan of correction, regarding any identified failure to meet STEMI Receiving Center standards, within reasonable timeframes established by ICEMA.

4.10 HOSPITAL shall maintain a designated telephone number to facilitate rapid access to an on-site physician for consultation with community physicians and other providers regarding care and transfer of STEMI patients.

4.11 HOSPITAL shall actively and cooperatively participate as a member of the CQI Program, and such other related committees that may, from time to time, be named and organized by ICEMA.

4.12 HOSPITAL shall enter monthly data directly into the ICEMA approved registry no later than six (6) weeks after the end of the preceding month as requested by ICEMA. HOSPITAL shall, at a minimum, collect and maintain the data specified in the STEMI Receiving Center standards unless additional data points are adopted by the CQI Program. HOSPITAL acknowledges and agrees that ICEMA is a regulatory agency and the disclosure of patient records by the HOSPITAL to ICEMA is in compliance with HIPAA, necessary to enable ICEMA to carry out is regulatory function, and a condition of the HOSPITAL's STEMI Receiving Center designation.

4.13 HOSPITAL shall attend a minimum of two (2) hours of ICEMA STEMI registry training annually.

4.14 HOSPITAL shall conduct and maintain American College of Cardiology (ACC) Chest Pain with Percutaneous Coronary Intervention (PCI) accreditation every three (3) years.

4.15 HOSPITAL acknowledges and agrees to ICEMA staff participation in the ACC accreditation and re-certification survey.

4.16 HOSPITAL shall submit a copy of the ACC Executive Summary report to ICEMA.

4.17 Failure to comply with Section 4 ("Hospital Responsibilities"), Items 4.1 through 4.17, may result in the assessment of a penalty fee of up to $20,000.

5. ICEMA RESPONSIBILITIES

5.1 ICEMA shall meet and consult with HOSPITAL prior to the adoption of any policy or procedure that concerns the administration of the STEMI Critical Care System, or the triage, transport, and treatment of STEMI patients.

5.2 ICEMA will provide, or cause to be provided to HOSPITAL and/or the CQI Program, prehospital data related to STEMI care.

5.3 ICEMA will strive to optimize the overall effectiveness of the STEMI Critical Care System and its individual components through the development of performance measures for each component and for the system function as a whole (both process and outcomes measures) and by employing continuous quality improvement strategies and collaboration with stakeholders.

6. GENERAL CONTRACT REQUIREMENTS

6.1 Recitals

The recitals set forth above are true and correct and incorporated herein by this reference.

6.2 Contract Amendments

HOSPITAL agrees any alterations, variations, modifications, or waivers of the provisions of the contract, shall be valid only when reduced to writing, executed and attached to the original contract and approved by the person(s) authorized to do so on behalf of HOSPITAL and ICEMA.

6.3 Contract Assignability

Without the prior written consent of ICEMA, the CONTRACT is not assignable by HOSPITAL either in whole or in part.

6.4 Contract Exclusivity

This is not an exclusive CONTRACT. ICEMA reserves the right to enter into a CONTRACT with other hospitals for the same or similar services. ICEMA does not guarantee or represent that the

HOSPITAL will be permitted to perform any minimum amount of work, or receive compensation other than on a per order basis, under the terms of this CONTRACT.

6.5 Attorney's Fees and Costs

If any legal action is instituted to enforce any Party's rights hereunder, each Party shall bear its own costs and attorney fees, regardless of who is the prevailing Party. This paragraph shall not apply to those costs and attorney fees directly arising from a third-party legal action against a Party hereto and payable under Indemnification and Insurance Requirements.

6.6 Reserved.

6.7 Change of Address

HOSPITAL shall notify ICEMA in writing, of any change in mailing address within ten (10) business days of the change.

6.8 Choice of Law

This CONTRACT shall be governed by and construed according to the laws of the State of California.

6.9 Reserved.

6.10 Confidentiality

The Parties shall comply with applicable Federal, State, and local laws, rules, and regulations, and ICEMA policies and procedures in effect at the inception of this CONTRACT or that become effective during the term of this CONTRACT, including, but not limited to, facility and professional licensing, and or certification laws and regulations, the Health Insurance Portability and Accountability Act of 1996 (42 U.S.C. section 1320d et seq.), and the Emergency Medical Treatment and Active Labor Act (42 U.S.C. section 1395dd).

ICEMA shall maintain the confidentiality of all HOSPITAL Confidential Information to the fullest extent required or allowed by law, including but not limited to California Evidence Code Section 1157; California Civil Code Section 56.10 et seq.; HIPAA; California Evidence Code 1040 and the California Public Records Act. ICEMA will not publish, disseminate or disclose any documents, data sets or other materials that include either individually identifiable health information or information that HOSPITAL has identified as confidential quality assurance information protected under California Evidence Code, Section 1157. ICEMA also agrees not to identify HOSPITAL by name or release any reports or data showing individual HOSPITAL performance unless agreed to by HOSPITAL or required by law.

If ICEMA receives a request, whether by formal subpoena or otherwise, seeking disclosure of any Confidential Information, ICEMA agrees to notify HOSPITAL in writing promptly after receiving the request. ICEMA agrees to cooperate with HOSPITAL in protecting Confidential Information and asserting any immunities or privileges applicable to that information. ICEMA shall refuse to release such Confidential Information and will otherwise assert the information's confidentiality to the extent permitted by law.

For purposes of this CONTRACT, "Confidential Information" means any patient records and other confidential or proprietary information of HOSPITAL furnished to ICEMA, including financial data, personnel records, or other information relating to HOSPITAL's business affairs.

6.11 Primary Point of Contact

HOSPITAL will designate an individual to serve as the primary point of contact for the CONTRACT. HOSPITAL or designee must respond to ICEMA inquiries within two (2) business days. HOSPITAL shall not change the primary contact without written acknowledgement to ICEMA. HOSPITAL will also designate a back-up point of contact in the event the primary CONTRACT is not available.

6.12 Reserved.

6.13 ICEMA Representative

The EMS Administrator of his/her designee shall represent ICEMA in all matters pertaining to the services to be rendered under this CONTRACT, including termination and assignment of this CONTRACT, and shall be the final authority in all matters pertaining to the Services/Scope of Work by HOSPITAL. If this CONTRACT was initially approved by the ICEMA Board of Directors, then the ICEMA Board of Directors must approve all amendments to this CONTRACT.

6.14 Reserved.

6.15 Debarment and Suspension

HOSPITAL certifies that neither it nor its principals or subcontracts is presently disbarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal department or agency. (See the following United States General Services Administration's System for Award Management website https://www.sam.gov). HOSPITAL further certifies that if it or any of its subcontractors are business entities that must be registered with the California Secretary of State, they are registered and in good standing with the Secretary of State.

6.16 Drug and Alcohol Free Workplace

In recognition of individual rights to work in a safe, healthful and productive work place, as a material condition of this CONTRACT, the HOSPITAL agrees that the HOSPITAL and the HOSPITAL's employees, while performing service for ICEMA, on ICEMA property, or while using ICEMA equipment:

6.16.1 Shall not be in any way impaired because of being under the influence of alcohol or an illegal or controlled substance.

6.16.2 Shall not possess an open container of alcohol or consume alcohol or possess or be under the influence of an illegal or controlled substance.

6.16.3 Shall not sell, offer, or provide alcohol or an illegal or controlled substance to another person, except where HOSPITAL or HOSPITAL's employee who, as part of the performance of normal job duties and responsibilities, prescribes or administers medically prescribed drugs.

This shall not be applicable to a HOSPITAL or HOSPITAL's employee who, as part of the performance of normal job duties and responsibilities, prescribes or administers medically prescribed drugs.

The HOSPITAL shall inform all employees that are performing service for ICEMA on ICEMA property, or using ICEMA equipment, of ICEMA's objective of a safe, healthful and productive work place and the prohibition of drug or alcohol use or impairment from same while performing such service for ICEMA.

6.17 Duration of Terms

This CONTRACT, and all of its terms and conditions, shall be binding upon and shall inure to the benefit of the heirs, executors, administrators, successors, and assigns of the respective Parties, provided no such assignment is in violation of the provisions of this CONTRACT.

6.18 Employment Discrimination

During the term of the CONTRACT, HOSPITAL shall not discriminate against any employee or applicant for employment because of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, sexual orientation, age, or military and veteran status. HOSPITAL shall comply with Executive Orders 11246, 11375, 11625, 12138, 12432, 12250, 13672, Title VI and Title VII of the Civil Rights Act of 1964, the California Fair Employment and Housing Act and other applicable Federal, State and County laws and regulations and policies relating to equal employment and contracting opportunities, including laws and regulations hereafter enacted.

6.19 Environmental Requirements

In accordance with County Policy 11-08, ICEMA and/or the County prefers to acquire and use products with higher levels of post-consumer recycled content. Environmentally preferable goods and materials must perform satisfactorily and be available at a reasonable price. ICEMA requires HOSPITAL to use recycled paper for any printed or photocopied material created as a result of this CONTRACT. HOSPITAL is also required to use both sides of paper sheets for reports submitted to ICEMA whenever practicable.

To assist ICEMA and/or the County in meeting the reporting requirements of the California Integrated Waste Management Act of 1989 (AB 939), HOSPITAL must be able to annually report the County's environmentally preferable purchases. HOSPITAL must also be able to report on environmentally preferable goods and materials used in the provision of their service to ICEMA.

6.20 Improper Influence

HOSPITAL shall make all reasonable efforts to ensure that no ICEMA and/or County officer or employee, whose position in ICEMA enables him/her to influence any award of the CONTRACT or any competing offer, shall have any direct or indirect financial interest resulting from the award of the CONTRACT or shall have any relationship to the HOSPITAL or officer or employee of the HOSPITAL.

6.21 Improper Consideration

HOSPITAL shall not offer (either directly or through an intermediary) any improper consideration such as, but not limited to cash, discounts, service, the provision of travel or entertainment, or any items of value to any officer, employee or agent of ICEMA in an attempt to secure favorable treatment regarding this CONTRACT.

ICEMA, by written notice, may immediately terminate this CONTRACT if it determines that any improper consideration as described in the preceding paragraph was offered to any officer, employee or agent of ICEMA with respect to the proposal and award process. This prohibition shall apply to any amendment, extension or evaluation process once a CONTRACT has been awarded.

HOSPITAL shall immediately report any attempt by an ICEMA employee or agent to solicit (either directly or through an intermediary) improper consideration from HOSPITAL. The report shall be

made to the supervisor or manager charged with supervision of the employee or the County Administrative Office. In the event of a termination under this provision, ICEMA is entitled to pursue any available legal remedies.

6.22 Informal Dispute Resolution

In the event ICEMA determines that service is unsatisfactory, or in the event of any other dispute, claim, question or disagreement arising from or relating to this CONTRACT or breach thereof, the Parties hereto shall use their best efforts to settle the dispute, claim, question or disagreement. To this effect, they shall consult and negotiate with each other in good faith and, recognizing their mutual interests, attempt to reach a just and equitable solution satisfactory to both Parties.

6.23 Legality and Severability

The Parties' actions under the CONTRACT shall comply with all applicable laws, rules, regulations, court orders and governmental agency orders. The provisions of this CONTRACT are specifically made severable. If a provision of the CONTRACT is terminated or held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall remain in full effect.

6.24 Licenses, Permits and/or Certifications

HOSPITAL shall ensure that it has all necessary licenses, permits and/or certifications required by the laws of Federal, State, County, and municipal laws, ordinances, rules and regulations. The HOSPITAL shall maintain these licenses, permits and/or certifications in effect for the duration of this CONTRACT. HOSPITAL will notify ICEMA immediately of loss or suspension of any such licenses, permits and/or certifications. Failure to maintain a required license, permit and/or certification may result in immediate termination of this CONTRACT.

6.25 Material Misstatement/Misrepresentation

If during the course of the administration of this CONTRACT, ICEMA determines that HOSPITAL has made a material misstatement or misrepresentation or that materially inaccurate information has been provided to ICEMA, this CONTRACT may be immediately terminated. If this CONTRACT is terminated according to this provision, ICEMA is entitled to pursue any available legal remedies.

6.26 Mutual Covenants

The Parties to this CONTRACT mutually covenant to perform all of their obligations hereunder, to exercise all discretion and rights granted hereunder, and to give all consents in a reasonable manner consistent with the standards of "good faith" and "fair dealing".

6.27 Reserved.

6.28 Notice of Delays

Except as otherwise provided herein, when either Party has knowledge that any actual or potential situation is delaying or threatens to delay the timely performance of this CONTRACT, that Party shall, within twenty-four (24) hours, give notice thereof, including all relevant information with respect thereto, to the other Party.

6.29 Ownership of Documents

Subject to the confidentiality provisions of Section 6.10 ("Confidentiality"), ICEMA and HOSPITAL shall have unrestricted authority to publish, disclose, distribute and otherwise use, copyright or patent, in whole or in part, any such reports, studies, data, statistics, forms or other materials or

properties produced under this CONTRACT. HOSPITAL's representative shall have an opportunity to review and comment on hospital specific data prior to public dissemination of the data by ICEMA, unless the data is otherwise deemed public information. ICEMA shall acknowledge HOSPITAL's contribution and HOSPITAL shall acknowledge ICEMA's contribution in any materials published or issued as a result of this CONTRACT.

6.30 Reserved.

6.31 Air, Water Pollution Control, Safety and Health

HOSPITAL shall comply with all air pollution control, water pollution, safety and health ordinances and statutes, which apply to the work performed pursuant to this CONTRACT.

6.32 Records

HOSPITAL shall maintain all records and books pertaining to the delivery of services under this CONTRACT and demonstrate accountability for CONTRACT performance. All records shall be complete and current and comply with all CONTRACT requirements. Failure to maintain acceptable records shall be considered grounds for withholding of payments for invoices submitted and/or termination of the CONTRACT.

All records relating to the HOSPITAL's personnel, consultants, subcontractors, Services/Scope of Work and expenses pertaining to this CONTRACT shall be kept in a generally acceptable accounting format. Records should include primary source documents. Fiscal records shall be kept in accordance with Generally Accepted Accounting Principles and must account for all funds, tangible assets, revenue and expenditures. Fiscal records must comply with the appropriate Office of Management and Budget (OMB) Circulars, which state the administrative requirements, cost principles and other standards for accountancy.

6.33 Relationship of the Parties

Nothing contained in this CONTRACT shall be construed as creating a joint venture, partnership, or employment arrangement between the Parties hereto, nor shall either Party have the right, power or authority to create an obligation or duty, expressed or implied, on behalf of the other Party hereto.

6.34 Release of Information

No news releases, advertisements, public announcements or photographs arising out of the CONTRACT or HOSPITAL's relationship with ICEMA and/or County may be made or used without prior written approval of ICEMA.

6.35 Representation of ICEMA

In the performance of this CONTRACT, HOSPITAL, its agents and employees, shall act in an independent capacity and not as officers, employees, or agents of ICEMA.

6.36 Strict Performance

Failure by a Party to insist upon the strict performance of any of the provisions of this CONTRACT by the other Party, or the failure by a Party to exercise its rights upon the default of the other Party, shall not constitute a waiver of such Party's right to insist and demand strict compliance by the other Party with the terms of this CONTRACT thereafter.

6.37 Subcontracting

HOSPITAL agrees not to enter into any subcontracting agreements for work contemplated under the CONTRACT without first obtaining written approval from ICEMA. Any subcontracting shall be subject to the same terms and conditions as HOSPITAL. HOSPITAL shall be fully responsible for the performance and payments of any subcontractor's CONTRACT.

6.38 Reserved.

6.39 Reserved.

6.40 Time of the Essence

Time is of the essence in performance of this CONTRACT and of each of its provisions.

6.41 Venue

The Parties acknowledge and agree that this CONTRACT was entered into and intended to be performed in San Bernardino County, California. The Parties agree that the venue of any action or claim brought by any Party to this CONTRACT will be the Superior Court of California, County of San Bernardino, San Bernardino District. Each Party hereby waives any law or rule of the court, which would allow them to request or demand a change of venue. If any action or claim concerning this CONTRACT is brought by any third-party and filed in another venue, the Parties hereto agree to use their best efforts to obtain a change of venue to the Superior Court of California, County of San Bernardino, San Bernardino District.

6.42 Conflict of Interest

HOSPITAL shall make all reasonable efforts to ensure that no conflict of interest exists between its officers, employees, or subcontractors and ICEMA. HOSPITAL shall make a reasonable effort to prevent employees, HOSPITAL, or members of governing bodies from using their positions for purposes that are, or give the appearance of being motivated by a desire for private gain for themselves or others such as those with whom they have family business, or other ties. Officers, employees, and agents of cities, counties, districts, and other local agencies are subject to applicable conflict of interest codes and state law. In the event ICEMA determines a conflict of interest situation exists, any increase in costs, associated with the conflict of interest situation, may be disallowed by ICEMA and such conflict may constitute grounds for termination of the CONTRACT. This provision shall not be construed to prohibit employment of persons with whom HOSPITAL's officers, employees, or agents have family, business, or other ties so long as the employment of such persons does not result in increased costs over those associated with the employment of any other equally qualified applicant.

Neither HOSPITAL nor ICEMA shall exert any direct or indirect influence that would cause or contribute to the transport of STEMI patients to a facility other than the closest STEMI Receiving Center, except as specifically authorized by ICEMA policies or procedures. HOSPITAL and ICEMA shall comply with all applicable federal, state, and local conflict of interest laws and regulations or required by EMTALA.

6.43 Reserved.

6.44 Disclosure of Criminal and Civil Procedures

ICEMA reserves the right to request the information described herein from the HOSPITAL. Failure to provide the information may result in a termination of the CONTRACT. ICEMA also reserves the right to obtain the requested information by way of a background check performed by an investigative firm. The HOSPITAL also may be requested to provide information to clarify initial responses. Negative information discovered may result in CONTRACT termination.

HOSPITAL is required to disclose whether the firm, or any of its partners, principals, members, associates or key employees (as that term is defined herein), within the last ten years and continuing throughout the term of this CONTRACT, has been indicted on or had charges brought against it or them (if still pending) or convicted of any crime or offense arising directly or indirectly from the conduct of the firm's business, or whether the firm, or any of its partners, principals, members, associates or key employees, has within the last ten years and continuing throughout the term of this CONTRACT, been indicted on or had charges brought against it or them (if still pending) or convicted of any crime or offense involving financial misconduct or fraud. If the response is affirmative, the HOSPITAL will be asked to describe any such indictments or charges (and the status thereof), convictions and the surrounding circumstances in detail.

In addition, the HOSPITAL is required to disclose whether the firm, or any of its partners, principals, members, associates or key employees, within the last ten years and continuing throughout the term of this CONTRACT, has been the subject of legal proceedings as defined herein arising directly from the provision of services by the firm or those individuals. "Legal proceedings" means any civil actions filed in a court of competent jurisdiction, or any matters filed by an administrative or regulatory body with jurisdiction over the firm or the individuals. If the response is affirmative, the HOSPITAL will be asked to describe any such legal proceedings (and the status and disposition thereof) and the surrounding circumstances in detail.

For purposes of this provision "key employees" includes any individuals providing direct service to ICEMA. "Key employees" do not include clerical personnel providing service at the firm's offices or locations.

6.45 Copyright

Subject to the confidentiality provisions of Section 6.10 ("Confidentiality"), ICEMA shall have a royalty-free, non-exclusive and irrevocable license to publish, disclose, copy, translate, and otherwise use, copyright or patent, now and hereafter, all reports, studies, information, data, statistics, forms, designs, plans, procedures, systems, and any other materials or properties developed under this CONTRACT including those covered by copyright, and reserves the right to authorize others to use or reproduce such material. All such materials developed under the terms of this CONTRACT shall acknowledge ICEMA as the funding agency and HOSPITAL as the creator of the publication. No such materials, or properties produced in whole or in part under this CONTRACT shall be subject to private use, copyright or patent right by HOSPITAL in the United States or in any other country without the express written consent of ICEMA. Copies of all educational and training materials, curricula, audio/visual aids, printer material, and periodicals, assembled pursuant to this CONTRACT must be filed with ICEMA prior to publication.

6.46 Artwork, Proofs and Negatives

All artwork, proofs, and/or negatives in either print or digital format for anything produced under the terms of this CONTRACT are the property of ICEMA. These items must be returned to ICEMA within ten (10) days, upon written notification to the HOSPITAL. In the event of a failure to return the documents, ICEMA is entitled to pursue any available legal remedies. In addition, the HOSPITAL will be barred from all future solicitations, for a period of at least six (6) months.

6.47 Iran Contracting Act

IRAN CONTRACTING ACT OF 2010, Public Contract Code sections 2200 et seq. (Applicable for all Contracts of one million dollars ($1,000,000) or more). In accordance with Public Contract Code section 2204(a), the HOSPITAL certifies that at the time the Contract is signed, the HOSPITAL signing the Contract is not identified on a list created pursuant to subdivision (b) of Public Contract Code section 2203 as a person (as defined in Public Contract Code section 2202(e)) engaging in investment activities in Iran described in subdivision (a) of Public Contract Code section 2202.5, or as a person described in subdivision (b) of Public Contract Code section 2202.5, as applicable.

HOSPITALS are cautioned that making a false certification may subject the HOSPITAL to civil penalties, termination of existing CONTRACT, and ineligibility to bid on a CONTRACT for a period of three (3) years in accordance with Public Contract Code section 2205.

6.48 Reserved.

6.49 Reserved.

6.50 Public Health Authority

ICEMA is a public health authority as that term is defined in 45 CFR 164.501, and is authorized by law to collect and receive protected health information as set forth in 45 CFR 164.512.

6.51 No Third-Party Beneficiaries

The Parties do not intend to confer and this CONTRACT shall not be construed to confer any rights to any person, group, corporation or entity other than the Parties.

6.52 Mutual Cooperation

It is agreed that mutual non-competition among the designated STEMI Receiving Centers, as well as their associated helicopter services, is vital to providing optimal medical care under the STEMI Critical Care System. In furtherance of such cooperation, HOSPITAL agrees to provide access to the helipad, if any, located at HOSPITAL to all helicopter services, to the extent necessary to triage and/or transport STEMI patients to HOSPITAL. HOSPITAL will not charge helicopter services for such landing privileges.

6.53 Assignment

HOSPITAL shall not delegate its duties and responsibilities or assign its rights hereunder, or both, either in whole or in part, without the prior written consent of ICEMA. This provision shall not be applicable to services CONTRACTS or similar arrangements usually and customarily entered into by medical facilities to obtain or arrange for professional medical services, administrative support, equipment, supplies or technical support.

6.54 Waiver

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

7. INDEMNIFICATION AND INSURANCE REQUIREMENTS

7.1 Indemnification

The HOSPITAL agrees to indemnify, defend (with counsel reasonably approved by County) and hold harmless ICEMA and/or the County and its authorized officers, employees, agents and volunteers from any and all claims, actions, losses, damages and/or liability arising out of this CONTRACT from any cause whatsoever, including the acts, errors or omissions of any person and for any costs or expenses incurred by ICEMA and/or the County on account of any claim except where such indemnification is prohibited by law. This indemnification provision shall apply regardless of the existence or degree of fault of indemnities. The HOSPITAL indemnification obligation applies to the ICEMA and/or County's "active" as well as "passive" negligence but does not apply to ICEMA and/or the County's "sole negligence" or "willful misconduct" within the meaning of Civil Code section 2782.

7.2 Additional Insured

All policies, except for Worker's Compensation, Errors and Omissions and Professional Liability policies shall contain additional endorsements naming ICEMA and its officers, employees, agents and volunteers as additional named insured with respect to liabilities arising out of the performance of services hereunder. The additional insured endorsements shall not limit the scope of coverage for ICEMA to vicarious liability but shall allow coverage for ICEMA to the full extent provided by the policy. Such additional insured coverage shall be at least as broad as Additional Insured (Form B) endorsement form ISO, CG 2010.11 85.

7.3 Waiver of Subrogation Rights

HOSPITAL shall require the carriers of required coverages to waive all rights of subrogation against ICEMA, its officers, employees, agents, volunteers, contractors and subcontractors. All general or auto liability insurance coverage provided shall not prohibit the HOSPITAL and HOSPITAL's employees or agents from waiving the right of subrogation prior to a loss or claim. HOSPITAL hereby waives all rights of subrogation against ICEMA.

7.4 Policies Primary and Non-Contributory

All policies required herein are to be primary and non-contributory with any insurance or self-insurance programs carried or administered by the ICEMA.

7.5 Severability of Interests

HOSPITAL agrees to ensure that coverage provided to meet these requirements is applicable separately to each insured and there will be no cross liability exclusions that preclude coverage for suits between the HOSPITAL and ICEMA or between ICEMA and any other insured or additional insured under the policy.

7.6 Proof of Coverage

HOSPITAL shall furnish Certificates of Insurance to the San Bernardino County Department administering the CONTRACT evidencing the insurance coverage at the time the CONTRACT is executed, additional endorsements, as required shall be provided prior to the commencement of performance of services hereunder, which certificates shall provide that such insurance shall not be terminated or expire without thirty (30) days written notice to the Department, and HOSPITAL r shall maintain such insurance from the time HOSPITAL commences performance of services hereunder until the completion of such services. Within fifteen (15) days of the commencement of this CONTRACT, HOSPITAL shall furnish a copy of the Declaration page for all applicable policies and will provide complete certified copies of the policies and endorsements immediately upon request.

7.7 Acceptability of Insurance Carrier

Unless otherwise approved by Risk Management, insurance shall be written by insurers authorized to do business in the State of California and with a minimum "Best" Insurance Guide rating of "A- VII".

7.8 Deductibles and Self-Insured Retention

Any and all deductibles or self-insured retentions in excess of $10,000 shall be declared to and approved by Risk Management.

7.9 Failure to Procure Coverage

In the event that any policy of insurance required under this CONTRACT does not comply with the requirements, is not procured, or is canceled and not replaced, ICEMA has the right but not the obligation or duty to cancel the CONTRACT or obtain insurance if it deems necessary and any premiums paid by ICEMA will be promptly reimbursed by HOSPITAL or County payments to HOSPITAL will be reduced to pay for ICEMA purchased insurance.

7.10 Insurance Review

Insurance requirements are subject to periodic review by ICEMA. The Director of Risk Management or designee is authorized, but not required, to reduce, waive or suspend any insurance requirements whenever Risk Management determines that any of the required insurance is not available, is unreasonably priced, or is not needed to protect the interests of ICEMA. In addition, if the Department of Risk Management determines that heretofore unreasonably priced or unavailable types of insurance coverage or coverage limits become reasonably priced or available, the Director of Risk Management or designee is authorized, but not required, to change the above insurance requirements to require additional types of insurance coverage or higher coverage limits, provided that any such change is reasonable in light of past claims against ICEMA, inflation, or any other item reasonably related to the ICEMA's risk.

Any change requiring additional types of insurance coverage or higher coverage limits must be made by amendment to this CONTRACT. HOSPITAL agrees to execute any such amendment within thirty (30) days of receipt.

Any failure, actual or alleged, on the part of ICEMA to monitor or enforce compliance with any of the insurance and indemnification requirements will not be deemed as a waiver of any rights on the part of ICEMA.

7.11 HOSPITAL agrees to provide insurance set forth in accordance with the requirements herein. If HOSPITAL uses existing coverage to comply with these requirements and that coverage does not meet the specified requirements, HOSPITAL agrees to amend, supplement or endorse the existing coverage to do so.

Without in anyway affecting the indemnity herein provided and in addition thereto, HOSPITAL shall secure and maintain throughout the CONTRACT term the following types of insurance with limits as shown:

7.11.1 Workers' Compensation/Employer's Liability - A program of Workers' Compensation insurance or a state-approved, self-insurance program in an amount and form to meet all applicable requirements of the Labor Code of the State of California, including Employer's Liability with $250,000 limits covering all persons including volunteers providing services on behalf of HOSPITAL and all risks to such persons under this CONTRACT.

If HOSPITAL has no employees, it may certify or warrant to ICEMA that it does not currently have any employees or individuals who are defined as "employees" under the Labor Code and the requirement for Workers' Compensation coverage will be waived by the HOSPITAL's Director of Risk Management.

With respect to HOSPITAL s that are non-profit corporations organized under California or Federal law, volunteers for such entities are required to be covered by Workers' Compensation insurance.

7.11.2 Commercial/General Liability Insurance - HOSPITAL shall carry General Liability Insurance covering all operations performed by or on behalf of HOSPITAL providing coverage for bodily injury and property damage with a combined single limit of not less than one million dollars ($1,000,000), per occurrence. The policy coverage shall include:

A. Premises operations and mobile equipment.
B. Products and completed operations.
C. Broad form property damage (including completed operations).
D. Explosion, collapse and underground hazards.
E. Personal injury.
F. Contractual liability.
G. $2,000,000 general aggregate limit.

7.11.3 Automobile Liability Insurance - Primary insurance coverage shall be written on ISO Business Auto coverage form for all owned, hired and non-owned automobiles or symbol 1 (any auto). The policy shall have a combined single limit of not less than one million dollars ($1,000,000) for bodily injury and property damage, per occurrence.

If HOSPITAL is transporting one or more non-employee passengers in performance of contract services, the automobile liability policy shall have a combined single limit of two million dollars ($2,000,000) for bodily injury and property damage per occurrence.

If HOSPITAL owns no autos, a non-owned auto endorsement to the General Liability policy described above is acceptable.

7.11.4 Umbrella Liability Insurance - An umbrella (over primary) or excess policy may be used to comply with limits or other primary coverage requirements. When used, the umbrella policy shall apply to bodily injury/property damage, personal injury/advertising injury and shall include a "dropdown" provision providing primary coverage for any liability not covered by the primary policy. The coverage shall also apply to automobile liability.

7.11.5 Professional Liability - Professional Liability Insurance with limits of not less than one million ($1,000,000) per claim and two million ($2,000,000) aggregate limits

or

If insurance coverage is provided on a "claims made" policy, the "retroactive date" shall be shown and must be before the date of the state of the contract work. The claims made insurance shall be maintained or "tail" coverage provided for a minimum of five (5) years after contract completion.

7.11.6 Medical Malpractice - Medical Malpractice Insurance with limits of not less than three million ($3,000,000) per claim and ten million ($10,000,000) aggregate limits.

8. FINANCIAL RESPONSIBILITY

ICEMA shall not be liable for any costs or expenses incurred by HOSPITAL to satisfy HOSPITAL's responsibilities under this CONTRACT, including any costs or expenses incurred by HOSPITAL for services provided to STEMI patients lacking the ability to pay for services. This provision shall in no way affect ICEMA's obligations, if any, under Section 7 ("Indemnification and Insurance Requirements") of this CONTRACT.

9. RIGHT TO MONITOR AND AUDIT

9.1 ICEMA and its authorized representatives shall be entitled to monitor, assess, and evaluate HOSPITAL's performance pursuant to this CONTRACT. To the extent permitted by law, such monitoring, assessments, or evaluations shall include, but not be limited to, audits, inspection of premises, review of reports, review of records of STEMI patients, and interviews of HOSPITAL's staff. At any time during normal business hours, as often as ICEMA may deem necessary, and to the extent permitted by law, HOSPITAL shall make available to ICEMA, upon ICEMA's request, HOSPITAL records related to matters covered by this CONTRACT.

9.2 HOSPITAL acknowledges and agrees that ICEMA is a Public Health Authority as defined by Section 164.501 of the HIPAA Final Privacy Rule and the disclosure of patient records by the HOSPITAL to ICEMA is in compliance with HIPAA, necessary to enable ICEMA to carry out is regulatory function, and a condition of the HOSPITAL's STEMI Receiving Center designation.

10. TERMINATION

10.1 Termination without Cause

ICEMA may terminate this CONTRACT without cause upon ninety (90) days written notice to HOSPITAL. HOSPITAL may terminate this CONTRACT without cause upon ninety (90) days written notice to ICEMA.

10.2 Termination for Cause

ICEMA may terminate this CONTRACT immediately upon written notice to HOSPITAL upon the occurrence of any one or more of the following events if ICEMA, in its sole discretion, determines the breach so significant as to constitute an immediate risk to the health and safety of the public:

A. Any material breach of this CONTRACT by HOSPITAL;

B. Any violation by HOSPITAL of any applicable laws, regulations, or local ordinances;

C. Any failure to provide timely surgical and non-surgical physician coverage for STEMI patients, causing unnecessary risk of mortality and/or morbidity for the STEMI patient;

D. Submission by HOSPITAL to ICEMA of reports or information that HOSPITAL knows or should know are incorrect in any material respect;

E. Any failure by HOSPITAL to comply with STEMI Center standards;

F. Loss or suspension of licensure as an acute care hospital, loss or suspension of any existing or future special permits issued by state or federal agencies necessary for the provision of the services provided by HOSPITAL under the terms of this CONTRACT, or loss or suspension of accreditation by The American College of Cardiology (ACC) or an equivalent accreditation body;

G. Any failure to comply with a plan of correction imposed by ICEMA;

H. Any failure to remedy any recurring malfunction, physician, nursing and other staff shortages, staff response delays, or facility problems of HOSPITAL, which causes or contributes to HOSPITAL's diversion of ambulances transporting STEMI patients intended for HOSPITAL; and

I. Repeated failure to submit specified reports, enter data into the ICEMA approved registry, or provide other information required under this CONTRACT.

10.3 Opportunity to Cure

Except for emergency termination due to immediate risk to the health and safety of the public, prior to the exercise of ICEMA's right to terminate for cause, ICEMA shall give HOSPITAL at least thirty (30) days written notice (hereinafter "Correction Period") which shall specify in reasonable detail the grounds for termination and all deficiencies requiring correction. ICEMA may shorten the Correction Period to no less than seven (7) days if ICEMA determines that HOSPITAL's action or inaction has seriously threatened, or will seriously threaten, the public health and safety. HOSPITAL shall provide a Plan of Correction, which shall contain a section to be used in the event the deficiency or deficiencies reasonably require longer than thirty (30) days to correct and shall provide the anticipated date for correction of the deficiencies. ICEMA shall approve the extended correction date if determined to be reasonable. No opportunity to cure is required prior to ICEMA's termination of this CONTRACT for failure by HOSPITAL to complete any Plan of Correction imposed by ICEMA.

11. REPORTS, EVALUATIONS AND RESEARCH STUDIES

HOSPITAL shall, as may be reasonably requested by ICEMA, participate in evaluations and/or research designed to show the effectiveness of the STEMI Critical Care System; and shall submit reports and materials on its STEMI Receiving Center services as reasonably requested by ICEMA. These reports, evaluations and studies shall be used by ICEMA to analyze and generate aggregate statistical reports on the STEMI Critical Care System performance.

12. NOTICES

All written notices provided for in this CONTRACT or which either Party desires to give to the other shall be deemed fully given, when made in writing and either served personally, or by facsimile, or deposited in the United States mail, postage prepaid, and addressed to the other Party as follows:

To ICEMA:

EMS Administrator
ICEMA
1425 South "D" Street
San Bernardino, CA 92415-0060

To HOSPITAL:

CEO
St. Mary Medical Center
18300 Highway 18
Apple Valley, CA 92307

Notice shall be deemed communicated two (2) working days from the time of mailing if mailed as provided in this paragraph.

13. ENTIRE CONTRACT

This CONTRACT, including all Exhibits and other attachments, which are attached hereto and incorporated by reference, and other documents incorporated herein, represents the final, complete and exclusive agreement between the Parties hereto. Any prior agreement, promises, negotiations or representations relating to the subject matter of this CONTRACT not expressly set forth herein are of no force or effect. This CONTRACT is executed without reliance upon any promise, warranty or representation by any Party or any representative of any Party other than those expressly contained herein. Each Party has carefully read this CONTRACT and signs the same of its own free will.

14. ELECTRONIC SIGNATURE COUNTERPARTS

This CONTRACT may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts shall together constitute one and the same CONTRACT. The Parties shall be entitled to sign and transmit an electronic signature of this CONTRACT (whether by facsimile, PDF or other email transmission), which signature shall be binding on the Party whose name is contained therein. Each Party providing an electronic signature agrees to promptly execute and deliver to the other Party an original signed CONTRACT upon request.

IN WITNESS THEREOF, ICEMA and HOSPITAL have executed this CONTRACT to be effective upon the date authorized herein by the San Bernardino County Board of Supervisors acting as the ICEMA Governing Board.

INLAND COUNTIES EMERGENCY MEDICAL AGENCY

►

Curt Hagman, Chairman, Board of Directors

Dated: JUN 23 2020

SIGNED AND CERTIFIED THAT A COPY OF THIS DOCUMENT HAS BEEN DELIVERED TO THE CHAIRMAN OF THE BOARD

Lynna Monell, Secretary

By _____ Deputy

ST. MARY MEDICAL CENTER

(Print or type name of corporation, company, contractor, etc.)

By ► _____

(Authorized signature - sign in blue ink)

Name MarLyn Drone

(Print or type name of person signing contract)

Title COO/CNO

(Print or Type)

Dated: 5/4/20

Address 18300 Hwy 18

Apple Valley Ca 92307

FOR COUNTY USE ONLY

Approved as to Legal Form	Reviewed for Contract Compliance	Reviewed/Approved by Department
►	►	►
John Tubbs II, Deputy County Counsel		Thomas G. Lynch, EMS Administrator
Date 6/15/20	Date	Date 6-19-2020

	INLAND COUNTIES EMERGENCY MEDICAL AGENCY POLICY AND PROTOCOL MANUAL	**Reference No. 4040** Effective Date: 03/01/20 Supersedes: 08/15/19 Page 1 of 3

ST ELEVATION MYOCARDIAL INFARCTION CRITICAL CARE SYSTEM DESIGNATION (San Bernardino County Only)

I. PURPOSE

To establish standards for the designation of an acute care hospital as a ST Elevation Myocardial Infarction (STEMI) Receiving Center.

II. POLICY

Hospital requirements for Inland Counties Emergency Medical Agency (ICEMA) STEMI Receiving Center designation:

- Must be a full service general acute care hospital approved by ICEMA as a 9-1-1 receiving hospital.
- Must have a licensure as a Cardiac Catheterization Laboratory (Cath Lab).
- Must be accredited by the American College of Cardiology (ACC) as a Chest Pain Center with Primary Percutaneous Coronary Intervention (PCI).
- Must have a Cardiovascular surgical services permit.
- Must be in compliance with all requirements listed in the California Code of Regulations, Title 22, Division 9, Chapter 7.1, STEMI Critical Care System Regulations.

III. STAFFING REQUIREMENTS

The hospital will have the following positions filled prior to becoming a STEMI Receiving Center:

- Medical Directors

  The hospital shall designate two (2) physicians as co-directors who are responsible for the medical oversight and ongoing performance of the STEMI Receiving Center program. One (1) physician shall be a board certified interventional cardiologist with active Percutaneous Coronary Intervention (PCI) privileges. The co-director shall be a board certified emergency medicine physician with active privileges to practice in the emergency department.

- STEMI Program Manager

  The hospital shall designate a qualified STEMI Program Manager. This individual is responsible for monitoring and evaluating the care of STEMI patients, the coordination of performance improvement and patient safety programs for the STEMI critical care system in conjunction with the STEMI medical director. The STEMI Program Manager must be trained or certified in critical care nursing or have at least two (2) years dedicated STEMI patient management experience.

- On-Call Physician Consultants and Staff

  On-call physicians consultants and staff must be promptly available within 30 minutes from notification. A daily roster must include the following on-call physician consultants and staff:

- Interventional Cardiologist with privileges in PCI procedures.
- Cardiovascular Surgeon with privileges in Coronary Artery Bypass Grafting.
- Cath Laboratory Team.
- Intra-aortic balloon pump nurse or technologist.

- Registrar

  To ensure accurate and timely data submission, hospitals must have a dedicated registrar to submit required data elements.

  - Depending on the volume this position may be shared between specialty cares.
  - Failure to submit data as outlined above, may result in probation, suspension, fines or rescission of STEMI Receiving Center Designation.

IV. INTERNAL STEMI RECEIVING CENTER POLICIES

The STEMI Receiving Center must have:

- The capability to provide STEMI patient care 24 hours per day, seven (7) days per week.
- A single call alert/communication system for notification of incoming STEMI patients, available 24 hours per day, seven (7) days per week (i.e., in-house paging system).
- A process for the treatment and triage of simultaneously arriving STEMI patients.
- A fibrinolytic therapy protocol to be used only in unforeseen circumstances when PCI of a STEMI patient is not possible.
- Prompt acceptance of STEMI patients from STEMI Referral Hospitals that do not have PCI capability. To avoid prolonged door to intervention time the STEMI base hospitals are allowed to facilitate redirection of STEMI patients to nearby STEMI receiving centers Physician to physician contact must be made when redirecting patients.
- Acknowledgement that STEMI patients may **only** be diverted during the times of Internal Disaster in accordance to ICEMA Reference #8050 - Requests for Ambulance Redirection and Hospital Diversion (San Bernardino County Only).

V. DATA COLLECTION

All required data elements shall be collected and entered in an ICEMA approved STEMI registry on a regular basis and submitted to ICEMA for review. All hospitals including STEMI receiving centers must participate in Cardiac Arrest Registry to Enhance Survival (CARES).

VI. CONTINUOUS QUALITY IMPROVEMENT (CQI) PROGRAM

STEMI Receiving Centers shall develop an on-going CQI program which monitors all aspect of treatment and management of suspected STEMI patients and identify areas needing improvement. The program must, at a minimum, monitor the following parameters:

- Morbidity and mortality related to procedural complications.

- Detail review of cases requiring emergent rescue Coronary Artery Bypass Graph (CABG).
- Tracking of door-to-dilation time and adherence to minimum performance standards set by ICEMA policy, contractual agreement, California Regulations, and the ACC.
- Detailed review of cases requiring redirection of EMS STEMI patients to other STEMI Receiving Centers as a result of over capacity and prolonged delay of door-to-intervention time.
- Active participation in each ICEMA STEMI CQI Committee and STEMI regional peer review process. This will include a review of selected medical records as determined by CQI indicators and presentation of details to peer review committee for adjudication.
- Provide Continuing Education (CE) opportunities twice per year for emergency medical services (EMS) field personnel in areas of 12-lead ECG acquisition and interpretation, as well as assessment and management of STEMI patients.
- Programs in place to promote public education efforts specific to cardiac care.

VII. PERFORMANCE STANDARD

Designated STEMI Receiving Centers must comply with the California Code of Regulations, Title 22, Division 9, Chapter 7.1, STEMI Critical Care System, ICEMA policies, and the ACC performance measures, that exist and may change in the future.

VIII. DESIGNATION

- The STEMI Receiving Center applicant shall be designated after satisfactory review of written documentation, a potential site survey by ICEMA, and completion of a board approved agreement between the STEMI Receiving Center and ICEMA.
- Initial designation as a STEMI Receiving Center shall be in accordance with terms outlined in the agreement.
- Failure to comply with the approved agreement, or ICEMA policy may result in probation, suspension, fines or rescission of STEMI Receiving Center designation.

IX. REFERENCES

Number	Name
8050	Requests for Ambulance Redirection and Hospital Diversion (San Bernardino County Only)

Exhibit 6 to Section 999.5(d)(5)(I)

Vendor: Inland Counties Emergency Medical Agency (Stroke Critical Care Designation)

County Contract # 20-541

☐ New Agreement **OR** X Existing Agreement (attach most recent annual contract evaluation)

Type of Agreement:

☐ Clinical Affiliation	☐ Physician	☐ Transfer
☐ Service	☐ Software	☐ Staffing
☐ Consulting	☐ Lease	☐ Equipment

X Other: Stroke Receiving Center

Effective Date: July 1, 2020

Expiration Date: July 30, 2025 Wha

St. Joseph Health
St. Mary

CONTRACT COVER SHEET

Justification (why is this contract needed?): Continuation of contract for Stroke receiving center

What is the cost impact of this contract? How did you calculate this amount?:

Documentation attached:

X OIG Query
http://exclusions.oig.hhs.gov/

X GSA Query
(https://www.sam.gov/portal/public/SAM/#1)

☐ Business Associate Agreement
(not required for Clinical Affiliation Agreements)

☐ Conflict of Interest Statement Attached?

SJHS Legal Review?

☐ Template
☐ e-mail attached
X N/A

Does director have invoice sign-off authority up to authorized amount?

☐ Yes X No

Is annual contract evaluation required?

☐ Yes X No

QA/PI (PIAC) Reporting:
If one or more of the following criteria are checked, QA PI reporting is required and the attached document must be integrated at time of evaluation.

☐ Indirect Patient Contact
X Direct Patient Contact

Physician Agreements:
Is Fair Market Value within the 25th to 75th percentile? *(If no, Board approval is required)*

☐ Yes ☐ No X N/A

Date of Board approval: _____

☐ Documentation of Need attached

Reviewed by:

Michelle Lundstrom 5/16/20
Reviewed by Department Director (Signature) Date

Marilyn Drone 5/24/20
Reviewed by Vice President (Signature) Date

Does this agreement include staff not employed by SMMC? ☐ Yes* ☑ No
** If yes, agreement must be referred to Vice President of Human Resources for review*

N/A
Reviewed by Vice President, Human Resources (Signature) Date

Are other departments involved? ☐ Yes* ☑ No
** If yes, agreement must be referred to involved department Vice President for review*

N/A
Reviewed by Vice President (Signature) Date

N/A
VP, Strategic Services (Signature) for physician contracts only Date

5/20/20
Reviewed by CFO (Signature) Date

6/1/20
Reviewed by COO (Signature) Date

(only physician contracts require CEO review/signature)

N/A
Reviewed by CEO (Signature) Date

Copies sent to:

Finance Department Tracey Fernandez
Department Director Mia Burch
Vice President Marilyn Drone
Other _____

REPORT/RECOMMENDATION TO THE BOARD OF DIRECTORS OF THE INLAND COUNTIES EMERGENCY MEDICAL AGENCY AND RECORD OF ACTION

June 23, 2020

FROM

THOMAS G. LYNCH, EMS Administrator, Inland Counties Emergency Medical Agency

SUBJECT

Contracts with Local Hospitals for Stroke Receiving Center Designation

RECOMMENDATION(S)

Acting as the governing body of the Inland Counties Emergency Medical Agency (ICEMA):

1. Approve **Revenue Contracts** with each of the hospitals listed below, extending the term by an additional five years (from July 1, 2020 through June 30, 2025), in which ICEMA shall continue to receive an annual fee of $19,045 from each contract to offset the costs associated with designating these hospitals as a Stroke Receiving Center:

   a. Desert Regional Medical Center, **Contract No. 20-533.**
   b. Kaiser – Fontana, **Contract No. 20-534.**
   c. Kaiser – Ontario, **Contract No. 20-535.**
   d. Loma Linda University Medical Center, **Contract No. 20-536.**
   e. Pomona Valley Hospital Medical Center, **Contract No. 20-537.**
   f. Redlands Community Hospital, **Contract No. 20-538.**
   g. San Antonio Regional Hospital, **Contract No. 20-539.**
   h. St. Bernardine Medical Center, **Contract No. 20-540.**
   i. St. Mary Medical Center, **Contract No. 20-541.**

(Presenter: Thomas G. Lynch, EMS Administrator, 388-5830)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

Provide for the Safety, Health and Social Service Needs of County Residents.

FINANCIAL IMPACT

Approval of this item will not result in the use of Discretionary General Funding (Net County Cost). The annual fee of $19,045 paid by each hospital will cover the costs incurred by ICEMA related to the evaluation and oversight of the Stroke program. Revenue and appropriation from these contracts are included in ICEMA's 2020-21 budget and will be included in future recommended budgets.

BACKGROUND INFORMATION

ICEMA, as the local Emergency Medical Services (EMS) agency, is responsible for ensuring effective EMS for the Counties of San Bernardino, Inyo, and Mono. ICEMA administers State and local codes and regulations governing the provision of emergency medical care to the sick and injured at the scene of an emergency and during transport to an acute care hospital. ICEMA ensures an effective system of quality patient care and coordinated emergency medical

response by planning, implementing and evaluating an effective emergency medical services system including pre-hospital providers, specialty care hospitals and hospitals.

Approval of these contracts will allow the hospitals listed above to receive and provide care for stroke patients, as well as allow ICEMA to administer, monitor, evaluate, and provide continuous quality improvement programs of the implemented Stroke Care System.

On September 13, 2011 (Item No. 43), the Board of Directors (Board) established the Neurovascular Stroke Receiving Centers designation and approved a model Memorandum of Understanding (MOU).

ICEMA has since entered into a number of different contracts and MOUs with various hospitals, including: Arrowhead Regional Medical Center (December 6, 2011, Item No. 10; May 6, 2014, Item No. 75 and June 28, 2016, Item No. 114); Desert Regional Medical Center (September 27, 2011, Item No. 92 and June 28, 2016, Item No. 100), Kaiser - Fontana and Kaiser - Ontario (January 6, 2015, Item No. 51 and July 12, 2016, Item No. 55); Loma Linda Medical Center (January 24, 2012, Item No 52 and June 28, 2016, Item No. 100); Pomona Valley Hospital Medical Center (September 27, 2011, Item No. 92 and June 28, 2016, Item No. 100); Redlands Community Hospital (September 27, 2011, Item No. 92 and June 28, 2016, Item No. 100); San Antonio Regional Hospital (September 27, 2011, Item No. 92 and June 28, 2016, Item No. 100); St. Bernardine Medical Center (December 15, 2015, Item No. 90 and June 28, 2016, Item No. 100) and St. Mary Medical Center (December 18, 2018, Item No. 86).

ICEMA will request Board approval for a new MOU with Arrowhead Regional Medical Center, designating them as a Stroke Receiving Center, in a separate agenda item. All Stroke Receiving Center contracts will include the same contract term dates and will reflect consistent standard contract language.

On July 1, 2019, the State of California's Stroke Critical Care System Regulations became effective. To align current Stroke Receiving Center Designation standards with State regulations, ICEMA updated its stroke designation policy to reflect language from the California Code of Regulations, Title 22, Division 9, Chapter 7.2, Stroke Critical Care System. Neurovascular Stroke System will now be referred to as a Stroke Critical Care System. Neurovascular Stroke Receiving Centers will now be referred to as a Stroke Receiving Centers. ICEMA will recognize Stroke Receiving Centers as Primary, Thrombectomy-Capable, or Comprehensive Stroke Receiving Centers, and will require this language changed in the new contracts/MOU.

The goal of designating Stroke Receiving Centers is to identify medical facilities that have an organized approach to treatment of stroke patients with qualified staff and appropriate capabilities. EMS field personnel, who are specially trained to identify stroke victims in the pre-hospital setting, can rapidly transport stroke patients directly to designated centers for timely treatment. The data demonstrates that the survival from a stroke is largely dependent upon prompt recognition and transport to facilities demonstrating the ability and commitment to provide rapid care with the proper resources. Current treatment guidelines from the American Stroke Association recommend rapid identification of stroke patients and transport to specialized medical facilities that have an organized approach to the management of stroke patients.

PROCUREMENT
Not applicable.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (John Tubbs II, Deputy County Counsel, 387-3203) on April 13, 2020; Risk Management (LeAnna Williams, Risk Assessment Officer, 386-8623) on April 20, 2020; Finance (Carl Lofton, Administrative Analyst, 387-5404) on June 8, 2020; and County Finance and Administration (Matthew Erickson, County Chief Financial Officer, 387-5423) on June 8, 2020.

Contracts with Local Hospitals for Stroke Receiving Center Designation
June 23, 2020

Record of Action of the Board of Directors
Inland Counties Emergency Medical Agency (ICEMA)

APPROVED (CONSENT CALENDAR)

Moved: Josie Gonzales Seconded: Robert A. Lovingood
Ayes: Robert A. Lovingood, Janice Rutherford, Dawn Rowe, Curt Hagman, Josie Gonzales

Lynna Monell, SECRETARY

BY Lynna Monell
DATED: June 23, 2020

cc: ICEMA- Lynch w/agree
Contractor- C/O ICEMA w/agree
File- w/agree

la 07/6/2020

THE INFORMATION IN THIS BOX IS NOT A PART OF THE CONTRACT AND IS FOR COUNTY USE ONLY

Contract Number 20-541

SAP Number

Inland Counties Emergency Medical Agency

Department Contract Representative	Thomas G. Lynch
Telephone Number	(909) 388-5823
Hospital	St. Mary Medical Center
Hospital Representative	Randall Castillo, CEO
Telephone Number	760-242-2311
Contract Term	July 1, 2020 - June 30, 2025
Original Contract Amount	$95,225
Amendment Amount	
Total Contract Amount	$95,225
Cost Center	1110002686

IT IS HEREBY AGREED AS FOLLOWS:

This CONTRACT is entered into by and between **INLAND COUNTIES EMERGENCY MEDICAL AGENCY** (hereinafter referred to as "**ICEMA**") which is the local emergency medical services (EMS) agency for the County of San Bernardino (hereinafter referred to as "**COUNTY**"), and **ST. MARY MEDICAL CENTER** (hereinafter referred to as "**HOSPITAL**"), which maintains an acute care hospital located in San Bernardino County, California. ICEMA and HOSPITAL are hereinafter collectively referred to as the "Parties".

WHEREAS, ICEMA has implemented a Stroke Critical Care System; and,

WHEREAS, ICEMA wishes to assure the highest quality of care by directing stroke patients to facilities committed to meeting Stroke Receiving Center standards; and

WHEREAS, ICEMA has found that the HOSPITAL meets ICEMA Stroke Receiving Center standards; and

WHEREAS, HOSPITAL is willing to accept designation as a Primary Stroke Receiving Center; and

WHEREAS, HOSPITAL by virtue of the Parties' execution of this CONTRACT will be designated by ICEMA as a Primary Stroke Receiving Center under the terms of the CONTRACT;

NOW, THEREFORE, ICEMA and HOSPITAL mutually agree to the following terms and conditions:

1. DEFINITIONS

1.1 Continuous Quality Improvement (CQI) Program: The multi-disciplinary peer-review committee, comprised of representatives from the Stroke Receiving Centers and other professionals designated by ICEMA, which audits the Stroke Critical Care System, makes recommendations for system improvements, and functions in an advisory capacity on other Stroke Critical Care System issues. Committee members designated by ICEMA may include, but are not limited to, Stroke Receiving Center medical directors and program managers, representatives from other local hospitals, interventional and non-interventional neurologists, emergency medicine sub-specialists, and representatives from ground and flight EMS providers.

1.2 EMTALA: The Emergency Medical Treatment and Active Labor Act (42 U.S.C § 1395dd).

1.3 HIPAA: The Health Insurance Portability and Accountability Act of 1996, including regulations promulgated thereunder, as amended from time to time.

1.4 Stroke Patient: A person evaluated by EMS field personnel, physician, nursing or other clinical personnel according to the policies and protocols established by ICEMA, as may be amended from time to time, and been found to require Stroke Receiving Center services due to a condition of impaired blood flow to a patient's brain resulting in brain dysfunction, most commonly through vascular occlusion or hemorrhage.

1.5 Stroke Critical Care System: An integrated ICEMA approved prehospital and hospital program that is intended to direct patients with field identified stroke directly to hospitals with specialized capabilities to promptly treat these patients.

1.6 Stroke Receiving Center: A licensed general acute care facility meeting ICEMA approved standards, which has been designated as a Primary, Thrombectomy-Capable or Comprehensive Stroke Center by ICEMA.

1.7 Stroke Receiving Center Services: The customary and appropriate hospital and physician services provided by a Stroke Receiving Center to a stroke patient, which, at a minimum, meet Primary Thrombectomy-Capable or Comprehensive Stroke Center standards.

1.8 Stroke Receiving Center Standards: The standards applicable to stroke critical care receiving center designation as set forth in the attached Exhibit I of this CONTRACT, and ICEMA policies and protocols, as may be amended from time to time.

1.9 Primary Stroke Receiving Center: A hospital that treats acute stroke patients, and identifies patients who may benefit from transfer to a higher level of care when clinically warranted.

1.10 Thrombectomy-Capable Receiving Center: A primary stroke center with the ability to perform mechanical thrombectomy for the ischemic stroke patient when clinically warranted.

1.11 Comprehensive Receiving Center: A hospital with specific abilities to receive diagnose and treat all stroke cases and provide the highest level of care for stroke patients.

2. TERM OF CONTRACT

The term of this CONTRACT is effective July 1, 2020, and expires June 30, 2025, but may be terminated earlier in accordance with provisions of this CONTRACT.

3. FISCAL PROVISIONS

HOSPITAL shall pay ICEMA a fee of $19,045 per year. The fee shall be utilized to offset ICEMA's costs of administering, monitoring and evaluating the Stroke Critical Care System including designation of Primary, Thrombectomy-Capable, or Comprehensive Stroke Centers, Stroke referral centers, prehospital care provider performance, quality improvement programs, field education and medical control protocols including interfacility transfer policies. The fee shall be revaluated on an annual basis to ensure system costs are being properly assessed and shall be paid in full within fifteen (15) calendar days of July 1 of each year of this CONTRACT. ICEMA shall notify HOSPITAL of any pending increase in the annual fee at least 90 days prior to such increase to enable HOSPITAL to terminate CONTRACT pursuant to Section 10 "Termination". If this CONTRACT is implemented in the middle of a fiscal year, the annual fee shall be prorated based upon signing date. In the event of the termination of this CONTRACT by ICEMA or HOSPITAL without cause, ICEMA shall return to HOSPITAL a prorated amount of the annual fee paid by HOSPITAL for that year for the period of time remaining in the fiscal year after the effective date of termination. The fee is not otherwise refundable in whole or in part.

4. HOSPITAL RESPONSIBILITIES

4.1 HOSPITAL shall provide Stroke Receiving Center services to stroke patients who arrive by EMS transport or walk-ins to the emergency department of HOSPITAL, regardless of the ability to pay physician fees and/or HOSPITAL costs. For the purpose of this CONTRACT, the phrase "comes to the emergency department" shall have the same meaning as set forth in EMTALA and the regulations promulgated there under. HOSPITAL acknowledges that ICEMA makes no representation, and does not guarantee that stroke patients will be delivered or diverted to HOSPITAL for care and cannot assure that a minimum number of stroke patients will be delivered to HOSPITAL during the term of this CONTRACT.

4.2 Any transfer of a stroke patient by HOSPITAL must be in accordance with EMTALA, Continuation of Care and other ICEMA approved policies.

4.3 HOSPITAL shall comply with the Primary Stroke Receiving Center standards described in Exhibit I, which is attached and incorporated into this CONTRACT and any subsequent amendments. Any subsequent amendments to the policy will be reviewed by the Stroke CQI Committee.

4.4 HOSPITAL shall monitor compliance with Stroke Receiving Center standards on a regular and ongoing basis. Documentation of such efforts shall be available to ICEMA upon request.

4.5 HOSPITAL shall maintain an adequate number of physicians, surgeons, nurses, and other medical staff possessing that degree of learning and skill ordinarily possessed by medical personnel practicing in the same or similar circumstances.

4.6 HOSPITAL shall provide all persons, employees, supplies, equipment, and facilities needed to perform the services required under this CONTRACT.

4.7 HOSPITAL shall notify ICEMA, in writing, within three (3) business days of having identified any failure to meet Stroke Receiving Center standards, and take corrective action within a reasonable period of time to correct the failure.

4.8 HOSPITAL shall promptly notify ICEMA of any circumstances that will prevent HOSPITAL from providing Primary Stroke services.

4.9 HOSPITAL shall comply with any ICEMA plan of correction, regarding any identified failure to meet Primary Stroke Center standards, within reasonable timeframes established by ICEMA.

4.10 HOSPITAL shall maintain a designated telephone number to facilitate rapid access to an on-site physician for consultation with community physicians and other providers regarding care and transfer of stroke patients.

4.11 HOSPITAL shall actively and cooperatively participate as a member of the CQI Program, and such other related committees that may, from time to time, be named and organized by ICEMA.

4.12 HOSPITAL shall enter monthly data directly into the ICEMA approved registry on a quarterly bases due one week after the quarter as requested by ICEMA. HOSPITAL shall, at a minimum, collect and maintain the data specified in the Stroke Receiving Center standards unless additional data points are adopted by the CQI Program. HOSPITAL acknowledges and agrees that ICEMA is a regulatory agency and the disclosure of patient records by the HOSPITAL to ICEMA is in compliance with HIPAA, necessary to enable ICEMA to carry out is regulatory function, and a condition of the HOSPITAL's Primary, Thrombectomy-Capable or Comprehensive Stroke Center designation.

4.13 HOSPITAL shall attend a minimum of two (2) hours of ICEMA Stroke registry training annually.

4.14 HOSPITAL shall conduct and maintain The Joint Commission (TJC), Det Norske Veritas (DNV) or Healthcare Facilities Accreditation Program (HFAP) Primary Stroke Center accreditation every two (2) years.

4.15 HOSPITAL acknowledges and agrees to ICEMA staff participation in the accreditation survey.

4.16 HOSPITAL shall submit the final accreditation report to ICEMA.

4.17 Failure to comply with Section 4 ("Hospital Responsibilities"), Items 4.1 through 4.16, may result in the assessment of a penalty fee of up to $20,000.

5. ICEMA RESPONSIBILITIES

5.1 ICEMA shall meet and consult with HOSPITAL prior to the adoption of any policy or protocol that concerns the administration of the Stroke Critical Care System, or the triage, transport, and treatment of stroke patients.

5.2 ICEMA will provide, or cause to be provided to HOSPITAL and/or the CQI Program, prehospital data related to stroke care.

5.3 ICEMA will strive to optimize the overall effectiveness of the Stroke Critical Care System and its individual components through the development of performance measures for each component and for the system function as a whole (both process and outcomes measures) and by employing continuous quality improvement strategies and collaboration with stakeholders.

6. GENERAL CONTRACT REQUIREMENTS

6.1 Recitals

The recitals set forth above are true and correct and incorporated herein by this reference.

6.2 Contract Amendments

HOSPITAL agrees any alterations, variations, modifications, or waivers of the provisions of the contract, shall be valid only when reduced to writing, executed and attached to the original contract and approved by the person(s) authorized to do so on behalf of HOSPITAL and ICEMA.

6.3 Contract Assignability

Without the prior written consent of ICEMA, the CONTRACT is not assignable by HOSPITAL either in whole or in part.

6.4 Contract Exclusivity

This is not an exclusive CONTRACT. ICEMA reserves the right to enter into a CONTRACT with other hospitals for the same or similar services. ICEMA does not guarantee or represent that the HOSPITAL will be permitted to perform any minimum amount of work, or receive compensation other than on a per order basis, under the terms of this CONTRACT.

6.5 Attorney's Fees and Costs

If any legal action is instituted to enforce any Party's rights hereunder, each Party shall bear its own costs and attorney fees, regardless of who is the prevailing Party. This paragraph shall not apply to those costs and attorney fees directly arising from a third-party legal action against a Party hereto and payable under Indemnification and Insurance Requirements.

6.6 Reserved.

6.7 Change of Address

HOSPITAL shall notify ICEMA in writing, of any change in mailing address within ten (10) business days of the change.

6.8 Choice of Law

This CONTRACT shall be governed by and construed according to the laws of the State of California.

6.9 Reserved.

6.10 Confidentiality

The Parties shall comply with applicable Federal, State, and local laws, rules, and regulations, and ICEMA policies and protocols in effect at the inception of this CONTRACT or that become effective during the term of this CONTRACT, including, but not limited to, facility and professional licensing, and or certification laws and regulations, the Health Insurance Portability and Accountability Act of 1996 (42 U.S.C. section 1320d et seq.), and the Emergency Medical Treatment and Active Labor Act (42 U.S.C. section 1395dd).

ICEMA shall maintain the confidentiality of all HOSPITAL Confidential Information to the fullest extent required or allowed by law, including but not limited to California Evidence Code Section 1157; California Civil Code Section 56.10 et seq.; HIPAA; California Evidence Code 1040 and the California Public Records Act. ICEMA will not publish, disseminate or disclose any documents, data sets or other materials that include either individually identifiable health information or information that HOSPITAL has identified as confidential quality assurance information protected under California Evidence Code, Section 1157. ICEMA also agrees not to identify HOSPITAL by name or release any reports or data showing individual HOSPITAL performance unless agreed to by HOSPITAL or required by law.

If ICEMA receives a request, whether by formal subpoena or otherwise, seeking disclosure of any Confidential Information, ICEMA agrees to notify HOSPITAL in writing promptly after receiving the request. ICEMA agrees to cooperate with HOSPITAL in protecting Confidential Information and asserting any immunities or privileges applicable to that information. ICEMA shall refuse to

release such Confidential Information and will otherwise assert the information's confidentiality to the extent permitted by law.

For purposes of this CONTRACT, "Confidential Information" means any patient records and other confidential or proprietary information of HOSPITAL furnished to ICEMA, including financial data, personnel records, or other information relating to HOSPITAL's business affairs.

6.11 Primary Point of Contact

HOSPITAL will designate an individual to serve as the primary point of contact for the CONTRACT. HOSPITAL or designee must respond to ICEMA inquiries within two (2) business days. HOSPITAL shall not change the primary contact without written acknowledgement to ICEMA. HOSPITAL will also designate a back-up point of contact in the event the primary CONTRACT is not available.

6.12 Reserved.

6.13 ICEMA Representative

The EMS Administrator of his/her designee shall represent ICEMA in all matters pertaining to the services to be rendered under this CONTRACT, including termination and assignment of this CONTRACT, and shall be the final authority in all matters pertaining to the Services/Scope of Work by HOSPITAL. If this CONTRACT was initially approved by the ICEMA Board of Directors, then the ICEMA Board of Directors must approve all amendments to this CONTRACT.

6.14 Reserved.

6.15 Debarment and Suspension

HOSPITAL certifies that neither it nor its principals or subcontracts is presently disbarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal department or agency. (See the following United States General Services Administration's System for Award Management website https://www.sam.gov). HOSPITAL further certifies that if it or any of its subcontractors are business entities that must be registered with the California Secretary of State, they are registered and in good standing with the Secretary of State.

6.16 Drug and Alcohol Free Workplace

In recognition of individual rights to work in a safe, healthful and productive work place, as a material condition of this CONTRACT, the HOSPITAL agrees that the HOSPITAL and the HOSPITAL's employees, while performing service for ICEMA, on ICEMA property, or while using ICEMA equipment:

6.16.1 Shall not be in any way impaired because of being under the influence of alcohol or an illegal or controlled substance.

6.16.2 Shall not possess an open container of alcohol or consume alcohol or possess or be under the influence of an illegal or controlled substance.

6.16.3 Shall not sell, offer, or provide alcohol or an illegal or controlled substance to another person, except where HOSPITAL or HOSPITAL's employee who, as part of the performance of normal job duties and responsibilities, prescribes or administers medically prescribed drugs.

This shall not be applicable to a HOSPITAL or HOSPITAL's employee who, as part of the performance of normal job duties and responsibilities, prescribes or administers medically prescribed drugs.

The HOSPITAL shall inform all employees that are performing service for ICEMA on ICEMA property, or using ICEMA equipment, of ICEMA's objective of a safe, healthful and productive work place and the prohibition of drug or alcohol use or impairment from same while performing such service for ICEMA.

6.17 Duration of Terms

This CONTRACT, and all of its terms and conditions, shall be binding upon and shall inure to the benefit of the heirs, executors, administrators, successors, and assigns of the respective Parties, provided no such assignment is in violation of the provisions of this CONTRACT.

6.18 Employment Discrimination

During the term of the CONTRACT, HOSPITAL shall not discriminate against any employee or applicant for employment because of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, sexual orientation, age, or military and veteran status. HOSPITAL shall comply with Executive Orders 11246, 11375, 11625, 12138, 12432, 12250, 13672, Title VI and Title VII of the Civil Rights Act of 1964, the California Fair Employment and Housing Act and other applicable Federal, State and County laws and regulations and policies relating to equal employment and contracting opportunities, including laws and regulations hereafter enacted.

6.19 Environmental Requirements

In accordance with County Policy 11-08, ICEMA and/or the County prefers to acquire and use products with higher levels of post-consumer recycled content. Environmentally preferable goods and materials must perform satisfactorily and be available at a reasonable price. ICEMA requires HOSPITAL to use recycled paper for any printed or photocopied material created as a result of this CONTRACT. HOSPITAL is also required to use both sides of paper sheets for reports submitted to ICEMA whenever practicable.

To assist ICEMA and/or the County in meeting the reporting requirements of the California Integrated Waste Management Act of 1989 (AB 939), HOSPITAL must be able to annually report the County's environmentally preferable purchases. HOSPITAL must also be able to report on environmentally preferable goods and materials used in the provision of their service to ICEMA.

6.20 Improper Influence

HOSPITAL shall make all reasonable efforts to ensure that no ICEMA and/or County officer or employee, whose position in ICEMA enables him/her to influence any award of the CONTRACT or any competing offer, shall have any direct or indirect financial interest resulting from the award of the CONTRACT or shall have any relationship to the HOSPITAL or officer or employee of the HOSPITAL.

6.21 Improper Consideration

HOSPITAL shall not offer (either directly or through an intermediary) any improper consideration such as, but not limited to cash, discounts, service, the provision of travel or entertainment, or any items of value to any officer, employee or agent of ICEMA in an attempt to secure favorable treatment regarding this CONTRACT.

ICEMA, by written notice, may immediately terminate this CONTRACT if it determines that any improper consideration as described in the preceding paragraph was offered to any officer, employee or agent of ICEMA with respect to the proposal and award process. This prohibition shall apply to any amendment, extension or evaluation process once a CONTRACT has been awarded.

HOSPITAL shall immediately report any attempt by an ICEMA employee or agent to solicit (either directly or through an intermediary) improper consideration from HOSPITAL. The report shall be made to the supervisor or manager charged with supervision of the employee or the County Administrative Office. In the event of a termination under this provision, ICEMA is entitled to pursue any available legal remedies.

6.22 Informal Dispute Resolution

In the event ICEMA determines that service is unsatisfactory, or in the event of any other dispute, claim, question or disagreement arising from or relating to this CONTRACT or breach thereof, the Parties hereto shall use their best efforts to settle the dispute, claim, question or disagreement. To this effect, they shall consult and negotiate with each other in good faith and, recognizing their mutual interests, attempt to reach a just and equitable solution satisfactory to both Parties.

6.23 Legality and Severability

The Parties' actions under the CONTRACT shall comply with all applicable laws, rules, regulations, court orders and governmental agency orders. The provisions of this CONTRACT are specifically made severable. If a provision of the CONTRACT is terminated or held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall remain in full effect.

6.24 Licenses, Permits and/or Certifications

HOSPITAL shall ensure that it has all necessary licenses, permits and/or certifications required by the laws of Federal, State, County, and municipal laws, ordinances, rules and regulations. The HOSPITAL shall maintain these licenses, permits and/or certifications in effect for the duration of this CONTRACT. HOSPITAL will notify ICEMA immediately of loss or suspension of any such licenses, permits and/or certifications. Failure to maintain a required license, permit and/or certification may result in immediate termination of this CONTRACT.

6.25 Material Misstatement/Misrepresentation

If during the course of the administration of this CONTRACT, ICEMA determines that HOSPITAL has made a material misstatement or misrepresentation or that materially inaccurate information has been provided to ICEMA, this CONTRACT may be immediately terminated. If this CONTRACT is terminated according to this provision, ICEMA is entitled to pursue any available legal remedies.

6.26 Mutual Covenants

The Parties to this CONTRACT mutually covenant to perform all of their obligations hereunder, to exercise all discretion and rights granted hereunder, and to give all consents in a reasonable manner consistent with the standards of "good faith" and "fair dealing".

6.27 Reserved.

6.28 Notice of Delays

Except as otherwise provided herein, when either Party has knowledge that any actual or potential situation is delaying or threatens to delay the timely performance of this CONTRACT, that Party shall, within twenty-four (24) hours, give notice thereof, including all relevant information with respect thereto, to the other Party.

6.29 Ownership of Documents

Subject to the confidentiality provisions of Section 6.10 ("Confidentiality"), ICEMA and HOSPITAL shall have unrestricted authority to publish, disclose, distribute and otherwise use, copyright or patent, in whole or in part, any such reports, studies, data, statistics, forms or other materials or properties produced under this CONTRACT. HOSPITAL's representative shall have an opportunity to review and comment on hospital specific data prior to public dissemination of the data by ICEMA, unless the data is otherwise deemed public information. ICEMA shall acknowledge HOSPITAL's contribution and HOSPITAL shall acknowledge ICEMA's contribution in any materials published or issued as a result of this CONTRACT.

6.30 Reserved.

6.31 Air, Water Pollution Control, Safety and Health

HOSPITAL shall comply with all air pollution control, water pollution, safety and health ordinances and statutes, which apply to the work performed pursuant to this CONTRACT.

6.32 Records

HOSPITAL shall maintain all records and books pertaining to the delivery of services under this CONTRACT and demonstrate accountability for CONTRACT performance. All records shall be complete and current and comply with all CONTRACT requirements. Failure to maintain acceptable records shall be considered grounds for withholding of payments for invoices submitted and/or termination of the CONTRACT.

All records relating to the HOSPITAL's personnel, consultants, subcontractors, Services/Scope of Work and expenses pertaining to this CONTRACT shall be kept in a generally acceptable accounting format. Records should include primary source documents. Fiscal records shall be kept in accordance with Generally Accepted Accounting Principles and must account for all funds, tangible assets, revenue and expenditures. Fiscal records must comply with the appropriate Office of Management and Budget (OMB) Circulars, which state the administrative requirements, cost principles and other standards for accountancy.

6.33 Relationship of the Parties

Nothing contained in this CONTRACT shall be construed as creating a joint venture, partnership, or employment arrangement between the Parties hereto, nor shall either Party have the right, power or authority to create an obligation or duty, expressed or implied, on behalf of the other Party hereto.

6.34 Release of Information

No news releases, advertisements, public announcements or photographs arising out of the CONTRACT or HOSPITAL's relationship with ICEMA and/or County may be made or used without prior written approval of ICEMA.

6.35 Representation of ICEMA

In the performance of this CONTRACT, HOSPITAL, its agents and employees, shall act in an independent capacity and not as officers, employees, or agents of ICEMA.

6.36 Strict Performance

Failure by a Party to insist upon the strict performance of any of the provisions of this CONTRACT by the other Party, or the failure by a Party to exercise its rights upon the default of the other Party, shall not constitute a waiver of such Party's right to insist and demand strict compliance by the other Party with the terms of this CONTRACT thereafter.

6.37 Subcontracting

HOSPITAL agrees not to enter into any subcontracting agreements for work contemplated under the CONTRACT without first obtaining written approval from ICEMA. Any subcontracting shall be subject to the same terms and conditions as HOSPITAL. HOSPITAL shall be fully responsible for the performance and payments of any subcontractor's CONTRACT.

6.38 Reserved.

6.39 Reserved.

6.40 Time of the Essence

Time is of the essence in performance of this CONTRACT and of each of its provisions.

6.41 Venue

The Parties acknowledge and agree that this CONTRACT was entered into and intended to be performed in San Bernardino County, California. The Parties agree that the venue of any action or claim brought by any Party to this CONTRACT will be the Superior Court of California, County of San Bernardino, San Bernardino District. Each Party hereby waives any law or rule of the court, which would allow them to request or demand a change of venue. If any action or claim concerning this CONTRACT is brought by any third-party and filed in another venue, the Parties hereto agree to use their best efforts to obtain a change of venue to the Superior Court of California, County of San Bernardino, San Bernardino District.

6.42 Conflict of Interest

HOSPITAL shall make all reasonable efforts to ensure that no conflict of interest exists between its officers, employees, or subcontractors and ICEMA. HOSPITAL shall make a reasonable effort to prevent employees, HOSPITAL, or members of governing bodies from using their positions for purposes that are, or give the appearance of being motivated by a desire for private gain for themselves or others such as those with whom they have family business, or other ties. Officers, employees, and agents of cities, counties, districts, and other local agencies are subject to applicable conflict of interest codes and state law. In the event ICEMA determines a conflict of interest situation exists, any increase in costs, associated with the conflict of interest situation, may be disallowed by ICEMA and such conflict may constitute grounds for termination of the CONTRACT. This provision shall not be construed to prohibit employment of persons with whom HOSPITAL's officers, employees, or agents have family, business, or other ties so long as the employment of such persons does not result in increased costs over those associated with the employment of any other equally qualified applicant.

Neither HOSPITAL nor ICEMA shall exert any direct or indirect influence that would cause or contribute to the transport of stroke patients to a facility other than the closest Stroke Receiving

Center, except as specifically authorized by ICEMA policies or protocols. HOSPITAL and ICEMA shall comply with all applicable federal, state, and local conflict of interest laws and regulations or required by EMTALA.

6.43 Reserved.

6.44 Disclosure of Criminal and Civil Procedures

ICEMA reserves the right to request the information described herein from the HOSPITAL. Failure to provide the information may result in a termination of the CONTRACT. ICEMA also reserves the right to obtain the requested information by way of a background check performed by an investigative firm. The HOSPITAL also may be requested to provide information to clarify initial responses. Negative information discovered may result in CONTRACT termination.

HOSPITAL is required to disclose whether the firm, or any of its partners, principals, members, associates or key employees (as that term is defined herein), within the last ten years and continuing throughout the term of this CONTRACT, has been indicted on or had charges brought against it or them (if still pending) or convicted of any crime or offense arising directly or indirectly from the conduct of the firm's business, or whether the firm, or any of its partners, principals, members, associates or key employees, has within the last ten years and continuing throughout the term of this CONTRACT, been indicted on or had charges brought against it or them (if still pending) or convicted of any crime or offense involving financial misconduct or fraud. If the response is affirmative, the HOSPITAL will be asked to describe any such indictments or charges (and the status thereof), convictions and the surrounding circumstances in detail.

In addition, the HOSPITAL is required to disclose whether the firm, or any of its partners, principals, members, associates or key employees, within the last ten years and continuing throughout the term of this CONTRACT, has been the subject of legal proceedings as defined herein arising directly from the provision of services by the firm or those individuals. "Legal proceedings" means any civil actions filed in a court of competent jurisdiction, or any matters filed by an administrative or regulatory body with jurisdiction over the firm or the individuals. If the response is affirmative, the HOSPITAL will be asked to describe any such legal proceedings (and the status and disposition thereof) and the surrounding circumstances in detail.

For purposes of this provision "key employees" includes any individuals providing direct service to ICEMA. "Key employees" do not include clerical personnel providing service at the firm's offices or locations.

6.45 Copyright

Subject to the confidentiality provisions of Section 6.10 ("Confidentiality"), ICEMA shall have a royalty-free, non-exclusive and irrevocable license to publish, disclose, copy, translate, and otherwise use, copyright or patent, now and hereafter, all reports, studies, information, data, statistics, forms, designs, plans, procedures, systems, and any other materials or properties developed under this CONTRACT including those covered by copyright, and reserves the right to authorize others to use or reproduce such material. All such materials developed under the terms of this CONTRACT shall acknowledge ICEMA as the funding agency and HOSPITAL as the creator of the publication. No such materials, or properties produced in whole or in part under this CONTRACT shall be subject to private use, copyright or patent right by HOSPITAL in the United States or in any other country without the express written consent of ICEMA. Copies of all educational and training materials, curricula, audio/visual aids, printer material, and periodicals, assembled pursuant to this CONTRACT must be filed with ICEMA prior to publication.

6.46 Artwork, Proofs and Negatives

All artwork, proofs, and/or negatives in either print or digital format for anything produced under the terms of this CONTRACT are the property of ICEMA. These items must be returned to ICEMA within ten (10) days, upon written notification to the HOSPITAL. In the event of a failure to return the documents, ICEMA is entitled to pursue any available legal remedies. In addition, the HOSPITAL will be barred from all future solicitations, for a period of at least six (6) months.

6.47 Iran Contracting Act

IRAN CONTRACTING ACT OF 2010, Public Contract Code sections 2200 et seq. (Applicable for all Contracts of one million dollars ($1,000,000) or more). In accordance with Public Contract Code section 2204(a), the HOSPITAL certifies that at the time the Contract is signed, the HOSPITAL signing the Contract is not identified on a list created pursuant to subdivision (b) of Public Contract Code section 2203 as a person (as defined in Public Contract Code section 2202(e)) engaging in investment activities in Iran described in subdivision (a) of Public Contract Code section 2202.5, or as a person described in subdivision (b) of Public Contract Code section 2202.5, as applicable.

HOSPITALS are cautioned that making a false certification may subject the HOSPITAL to civil penalties, termination of existing CONTRACT, and ineligibility to bid on a CONTRACT for a period of three (3) years in accordance with Public Contract Code section 2205.

6.48 Reserved.

6.49 Reserved.

6.50 Public Health Authority

ICEMA is a public health authority as that term is defined in 45 CFR 164.501, and is authorized by law to collect and receive protected health information as set forth in 45 CFR 164.512.

6.51 No Third-Party Beneficiaries

The Parties do not intend to confer and this CONTRACT shall not be construed to confer any rights to any person, group, corporation or entity other than the Parties.

6.52 Mutual Cooperation

It is agreed that mutual non-competition among the designated Stroke Receiving Centers, as well as their associated helicopter services, is vital to providing optimal medical care under the Stroke Critical Care System. In furtherance of such cooperation, HOSPITAL agrees to provide access to the helipad, if any, located at HOSPITAL to all helicopter services, to the extent necessary to triage and/or transport stroke patients to HOSPITAL. HOSPITAL will not charge helicopter services for such landing privileges.

6.53 Assignment

HOSPITAL shall not delegate its duties and responsibilities or assign its rights hereunder, or both, either in whole or in part, without the prior written consent of ICEMA. This provision shall not be applicable to services CONTRACTS or similar arrangements usually and customarily entered into by medical facilities to obtain or arrange for professional medical services, administrative support, equipment, supplies or technical support.

6.54 Waiver

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

7. INDEMNIFICATION AND INSURANCE REQUIREMENTS

7.1 Indemnification

The HOSPITAL agrees to indemnify, defend (with counsel reasonably approved by County) and hold harmless ICEMA and/or the County and its authorized officers, employees, agents and volunteers from any and all claims, actions, losses, damages and/or liability arising out of this CONTRACT from any cause whatsoever, including the acts, errors or omissions of any person and for any costs or expenses incurred by ICEMA and/or the County on account of any claim except where such indemnification is prohibited by law. This indemnification provision shall apply regardless of the existence or degree of fault of indemnities. The HOSPITAL indemnification obligation applies to the ICEMA and/or County's "active" as well as "passive" negligence but does not apply to ICEMA and/or the County's "sole negligence" or "willful misconduct" within the meaning of Civil Code section 2782.

7.2 Additional Insured

All policies, except for Worker's Compensation, Errors and Omissions and Professional Liability policies shall contain additional endorsements naming ICEMA and its officers, employees, agents and volunteers as additional named insured with respect to liabilities arising out of the performance of services hereunder. The additional insured endorsements shall not limit the scope of coverage for ICEMA to vicarious liability but shall allow coverage for ICEMA to the full extent provided by the policy. Such additional insured coverage shall be at least as broad as Additional Insured (Form B) endorsement form ISO, CG 2010.11 85.

7.3 Waiver of Subrogation Rights

HOSPITAL shall require the carriers of required coverages to waive all rights of subrogation against ICEMA, its officers, employees, agents, volunteers, contractors and subcontractors. All general or auto liability insurance coverage provided shall not prohibit the HOSPITAL and HOSPITAL's employees or agents from waiving the right of subrogation prior to a loss or claim. HOSPITAL hereby waives all rights of subrogation against ICEMA.

7.4 Policies Primary and Non-Contributory

All policies required herein are to be primary and non-contributory with any insurance or self-insurance programs carried or administered by the ICEMA.

7.5 Severability of Interests

HOSPITAL agrees to ensure that coverage provided to meet these requirements is applicable separately to each insured and there will be no cross liability exclusions that preclude coverage for suits between the HOSPITAL and ICEMA or between ICEMA and any other insured or additional insured under the policy.

7.6 Proof of Coverage

HOSPITAL shall furnish Certificates of Insurance to the San Bernardino County Department administering the CONTRACT evidencing the insurance coverage at the time the CONTRACT is executed, additional endorsements, as required shall be provided prior to the commencement of performance of services hereunder, which certificates shall provide that such insurance shall not

be terminated or expire without thirty (30) days written notice to the Department, and HOSPITAL shall maintain such insurance from the time HOSPITAL commences performance of services hereunder until the completion of such services. Within fifteen (15) days of the commencement of this CONTRACT, HOSPITAL shall furnish a copy of the Declaration page for all applicable policies and will provide complete certified copies of the policies and endorsements immediately upon request.

7.7 Acceptability of Insurance Carrier

Unless otherwise approved by Risk Management, insurance shall be written by insurers authorized to do business in the State of California and with a minimum "Best" Insurance Guide rating of "A- VII".

7.8 Deductibles and Self-Insured Retention

Any and all deductibles or self-insured retentions in excess of $10,000 shall be declared to and approved by Risk Management.

7.9 Failure to Procure Coverage

In the event that any policy of insurance required under this CONTRACT does not comply with the requirements, is not procured, or is canceled and not replaced, ICEMA has the right but not the obligation or duty to cancel the CONTRACT or obtain insurance if it deems necessary and any premiums paid by ICEMA will be promptly reimbursed by HOSPITAL or County payments to HOSPITAL will be reduced to pay for ICEMA purchased insurance.

7.10 Insurance Review

Insurance requirements are subject to periodic review by ICEMA. The Director of Risk Management or designee is authorized, but not required, to reduce, waive or suspend any insurance requirements whenever Risk Management determines that any of the required insurance is not available, is unreasonably priced, or is not needed to protect the interests of ICEMA. In addition, if the Department of Risk Management determines that heretofore unreasonably priced or unavailable types of insurance coverage or coverage limits become reasonably priced or available, the Director of Risk Management or designee is authorized, but not required, to change the above insurance requirements to require additional types of insurance coverage or higher coverage limits, provided that any such change is reasonable in light of past claims against ICEMA, inflation, or any other item reasonably related to the ICEMA's risk.

Any change requiring additional types of insurance coverage or higher coverage limits must be made by amendment to this CONTRACT. HOSPITAL agrees to execute any such amendment within thirty (30) days of receipt.

Any failure, actual or alleged, on the part of ICEMA to monitor or enforce compliance with any of the insurance and indemnification requirements will not be deemed as a waiver of any rights on the part of ICEMA.

7.11 HOSPITAL agrees to provide insurance set forth in accordance with the requirements herein. If HOSPITAL uses existing coverage to comply with these requirements and that coverage does not meet the specified requirements, HOSPITAL agrees to amend, supplement or endorse the existing coverage to do so.

Without in anyway affecting the indemnity herein provided and in addition thereto, HOSPITAL shall secure and maintain throughout the CONTRACT term the following types of insurance with limits as shown:

7.11.1 Workers' Compensation/Employer's Liability - A program of Workers' Compensation insurance or a state-approved, self-insurance program in an amount and form to meet all applicable requirements of the Labor Code of the State of California, including Employer's Liability with $250,000 limits covering all persons including volunteers providing services on behalf of HOSPITAL and all risks to such persons under this CONTRACT.

If HOSPITAL has no employees, it may certify or warrant to ICEMA that it does not currently have any employees or individuals who are defined as "employees" under the Labor Code and the requirement for Workers' Compensation coverage will be waived by the HOSPITAL's Director of Risk Management.

With respect to HOSPITAL s that are non-profit corporations organized under California or Federal law, volunteers for such entities are required to be covered by Workers' Compensation insurance.

7.11.2 Commercial/General Liability Insurance - HOSPITAL shall carry General Liability Insurance covering all operations performed by or on behalf of HOSPITAL providing coverage for bodily injury and property damage with a combined single limit of not less than one million dollars ($1,000,000), per occurrence. The policy coverage shall include:

A. Premises operations and mobile equipment.
B. Products and completed operations.
C. Broad form property damage (including completed operations).
D. Explosion, collapse and underground hazards.
E. Personal injury.
F. Contractual liability.
G. $2,000,000 general aggregate limit.

7.11.3 Automobile Liability Insurance - Primary insurance coverage shall be written on ISO Business Auto coverage form for all owned, hired and non-owned automobiles or symbol 1 (any auto). The policy shall have a combined single limit of not less than one million dollars ($1,000,000) for bodily injury and property damage, per occurrence.

If HOSPITAL is transporting one or more non-employee passengers in performance of contract services, the automobile liability policy shall have a combined single limit of two million dollars ($2,000,000) for bodily injury and property damage per occurrence.

If HOSPITAL owns no autos, a non-owned auto endorsement to the General Liability policy described above is acceptable.

7.11.4 Umbrella Liability Insurance - An umbrella (over primary) or excess policy may be used to comply with limits or other primary coverage requirements. When used, the umbrella policy shall apply to bodily injury/property damage, personal injury/advertising injury and shall include a "dropdown" provision providing primary coverage for any liability not covered by the primary policy. The coverage shall also apply to automobile liability.

7.11.5 Professional Liability - Professional Liability Insurance with limits of not less than one million ($1,000,000) per claim and two million ($2,000,000) aggregate limits

or

If insurance coverage is provided on a "claims made" policy, the "retroactive date" shall be shown and must be before the date of the state of the contract work. The claims made insurance shall be maintained or "tail" coverage provided for a minimum of five (5) years after contract completion.

7.11.6 Medical Malpractice - Medical Malpractice Insurance with limits of not less than three million ($3,000,000) per claim and ten million ($10,000,000) aggregate limits.

8. FINANCIAL RESPONSIBILITY

ICEMA shall not be liable for any costs or expenses incurred by HOSPITAL to satisfy HOSPITAL's responsibilities under this CONTRACT, including any costs or expenses incurred by HOSPITAL for services provided to stroke patients lacking the ability to pay for services. This provision shall in no way affect ICEMA's obligations, if any, under Section 7 "Indemnification and Insurance Requirements" of this CONTRACT.

9. RIGHT TO MONITOR AND AUDIT

9.1 ICEMA and its authorized representatives shall be entitled to monitor, assess, and evaluate HOSPITAL's performance pursuant to this CONTRACT. To the extent permitted by law, such monitoring, assessments, or evaluations shall include, but not be limited to, audits, inspection of premises, review of reports, review of records of stroke patients, and interviews of HOSPITAL's staff. At any time during normal business hours, as often as ICEMA may deem necessary, and to the extent permitted by law, HOSPITAL shall make available to ICEMA, upon ICEMA's request, HOSPITAL records related to matters covered by this CONTRACT.

9.2 HOSPITAL acknowledges and agrees that ICEMA is a Public Health Authority as defined by Section 164.501 of the HIPAA Final Privacy Rule and the disclosure of patient records by the HOSPITAL to ICEMA is in compliance with HIPAA, necessary to enable ICEMA to carry out is regulatory function, and a condition of the HOSPITAL's Stroke Receiving Center designation.

10. TERMINATION

10.1 Termination without Cause

ICEMA may terminate this CONTRACT without cause upon ninety (90) days written notice to HOSPITAL. HOSPITAL may terminate this CONTRACT without cause upon ninety (90) days written notice to ICEMA.

10.2 Termination for Cause

ICEMA may terminate this CONTRACT immediately upon written notice to HOSPITAL upon the occurrence of any one or more of the following events if ICEMA, in its sole discretion, determines the breach so significant as to constitute an immediate risk to the health and safety of the public:

A. Any material breach of this CONTRACT by HOSPITAL;

B. Any violation by HOSPITAL of any applicable laws, regulations, or local ordinances;

C. Any failure to provide timely surgical and non-surgical physician coverage for stroke patients, causing unnecessary risk of mortality and/or morbidity for the stroke patient;

D. Submission by HOSPITAL to ICEMA of reports or information that HOSPITAL knows or should know are incorrect in any material respect;

E. Any failure by HOSPITAL to comply with Primary, Thrombectomy-Capable, or Comprehensive Stroke Center standards;

F. Loss or suspension of licensure as an acute care hospital, loss or suspension of any existing or future special permits issued by state or federal agencies necessary for the provision of the services provided by HOSPITAL under the terms of this CONTRACT, or

loss or suspension of accreditation by The Joint Commission (TJC) or Healthcare Facilities Accreditation Program (HFAP) or an equivalent accreditation body;

G. Any failure to comply with a plan of correction imposed by ICEMA;

H. Any failure to remedy any recurring malfunction, physician, nursing and other staff shortages, staff response delays, or facility problems of HOSPITAL, which causes or contributes to HOSPITAL's diversion of ambulances transporting stroke patients intended for HOSPITAL; and

I. Repeated failure to submit specified reports, enter data into the ICEMA approved registry, or provide other information required under this CONTRACT.

10.3 Opportunity to Cure

Except for emergency termination due to immediate risk to the health and safety of the public, prior to the exercise of ICEMA's right to terminate for cause, ICEMA shall give HOSPITAL at least thirty (30) days written notice (hereinafter "Correction Period") which shall specify in reasonable detail the grounds for termination and all deficiencies requiring correction. ICEMA may shorten the Correction Period to no less than seven (7) days if ICEMA determines that HOSPITAL's action or inaction has seriously threatened, or will seriously threaten, the public health and safety. HOSPITAL shall provide a Plan of Correction, which shall contain a section to be used in the event the deficiency or deficiencies reasonably require longer than thirty (30) days to correct and shall provide the anticipated date for correction of the deficiencies. ICEMA shall approve the extended correction date if determined to be reasonable. No opportunity to cure is required prior to ICEMA's termination of this CONTRACT for failure by HOSPITAL to complete any Plan of Correction imposed by ICEMA.

11. REPORTS, EVALUATIONS AND RESEARCH STUDIES

HOSPITAL shall, as may be reasonably requested by ICEMA, participate in evaluations and/or research designed to show the effectiveness of the Stroke Critical Care System; and shall submit reports and materials on its Stroke Receiving Center services as reasonably requested by ICEMA. These reports, evaluations and studies shall be used by ICEMA to analyze and generate aggregate statistical reports on the Stroke Critical Care System performance.

12. NOTICES

All written notices provided for in this CONTRACT or which either Party desires to give to the other shall be deemed fully given, when made in writing and either served personally, or by facsimile, or deposited in the United States mail, postage prepaid, and addressed to the other Party as follows:

To ICEMA:

EMS Administrator
ICEMA
1425 South "D" Street
San Bernardino, CA 92415-0060

To HOSPITAL:

CEO
St. Mary Medical Center
18300 Highway 18
Apple Valley, CA 92307

Notice shall be deemed communicated two (2) working days from the time of mailing if mailed as provided in this paragraph.

13. ENTIRE CONTRACT

This CONTRACT, including all Exhibits and other attachments, which are attached hereto and incorporated by reference, and other documents incorporated herein, represents the final, complete and exclusive agreement between the Parties hereto. Any prior agreement, promises, negotiations or representations relating to the subject matter of this CONTRACT not expressly set forth herein are of no force or effect. This CONTRACT is executed without reliance upon any promise, warranty or representation by any Party or any representative of any Party other than those expressly contained herein. Each Party has carefully read this CONTRACT and signs the same of its own free will.

14. ELECTRONIC SIGNATURE COUNTERPARTS

This CONTRACT may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts shall together constitute one and the same CONTRACT. The Parties shall be entitled to sign and transmit an electronic signature of this CONTRACT (whether by facsimile, PDF or other email transmission), which signature shall be binding on the Party whose name is contained therein. Each Party providing an electronic signature agrees to promptly execute and deliver to the other Party an original signed CONTRACT upon request.

IN WITNESS THEREOF, ICEMA and HOSPITAL have executed this CONTRACT to be effective upon the date authorized herein by the San Bernardino County Board of Supervisors acting as the ICEMA Governing Board.

INLAND COUNTIES EMERGENCY MEDICAL AGENCY

►

Curt Hagman, Chairman, Board of Directors

Dated: JUN 23 2020

SIGNED AND CERTIFIED THAT A COPY OF THIS DOCUMENT HAS BEEN DELIVERED TO THE CHAIRMAN OF THE BOARD

Lynna Monell, Secretary

By _____

Deputy

INLAND COUNTIES EMERGENCY MEDICAL AGENCY ICEMA

ST. MARY MEDICAL CENTER

(Print or type name of corporation, company, contractor, etc.)

By ► _____

(Authorized signature - sign in blue ink)

Name Marilyn Drone

(Print or type name of person signing contract)

Title COO/CNO

(Print or Type)

Dated: 5/29/20

Address 18300 Hwy 18

Apple Valley Ca

92307

FOR COUNTY USE ONLY

Approved as to Legal Form	Reviewed for Contract Compliance	Reviewed/Approved by Department
►	►	►
John Tubbs II, Deputy County Counsel		Thomas G. Lynch, EMS Administrator
Date 6/15/20	Date	Date 6-15-2020

	INLAND COUNTIES EMERGENCY MEDICAL AGENCY POLICY AND PROTOCOL MANUAL	**Reference No. 4070** Effective Date: 03/01/20 Supersedes: 008/15/19 Page 1 of 5

STROKE CRITICAL CARE SYSTEM DESIGNATION (San Bernardino County Only)

I. PURPOSE

To establish standards for the designation of an acute care hospital as a Stroke Receiving Center.

II. POLICY

Hospital requirements for Inland Counties Emergency Medical Agency (ICEMA) Stroke Receiving Center designation:

- Must be a full service general acute care hospital approved by ICEMA as a 9-1-1 receiving hospital.
- Must have certification as an Acute Ready, Primary, Thrombectomy Capable, or Comprehensive Stroke Center by The Joint Commission (TJC), Healthcare Facilities Accreditation Program (HFAP), or Det Norske Veritas (DNV) and proof of re-certification every two (2) years.
- Must be in compliance with all requirements listed in the California Code of Regulations, Title 22, Division 9, Chapter 7.2, Stroke Critical Care System for the requested level of designation.

III. STAFFING REQUIREMENTS

The hospital will have the following positions filled for all levels of designation prior to becoming a Stroke Receiving Center.

- Medical Directors

  The hospital shall designate two (2) physicians with hospital privileges as co-directors who are responsible for the medical oversight and ongoing performance of the Stroke Receiving Center program. One (1) physician shall be board certified or board eligible by the American Board of Medical Specialties or American Osteopathic Association, neurology or neurosurgery board. The co-director shall be a board certified or board eligible emergency medicine physician.

- Stroke Program Manager

  The hospital shall designate a qualified Stroke Program Manager. This individual is responsible for monitoring and evaluating the care of Stroke patients, the coordination of performance improvement and patient safety programs for the Stroke critical care system in conjunction with the Stroke medical director. The Stroke Program Manager must be trained or certified in critical care nursing or have at least two (2) years dedicated to Stroke patient management experience.

- On-Call Physicians Specialists/Consultants

  On-Call physicians consultants and staff must be promptly available within 30 minutes from notification. A daily roster must include the following on-call physician consultants and staff:

  - Radiologist experienced in neuroradiologic interpretations.

- On-call Neurologist and /or tele-neurology services available twenty-four (24) hours per day; seven (7) days per week.

- Registrar

  To ensure accurate and timely data submission, hospitals must have a dedicated registrar to submit required data elements.

  - Depending on the volume, this position may be shared between specialty cares.
  - Failure to submit data as outline above, may result in probation, suspension, fines or rescission of Stroke Receiving Center Designation.

IV. INTERNAL STROKE RECEIVING CENTER POLICIES

All levels of designation must have internal policies for the following:

- Stroke Team alert response policy upon EMS notification of a "Stroke Alert".
- Rapid assessment of stroke patient by Emergency and Neurology Teams.
- Prioritization of ancillary services including laboratory and pharmacy with notification of "Stroke Alert".
- Arrangement for priority bed availability in Acute Stroke Unit or Intensive Care Unit (ICU) for "Stroke Alert" patients.
- If neurosurgical services are not available in-house, the Stroke Receiving Center must have a rapid transfer agreement in place with a hospital that provides this service. Stroke Receiving Centers must promptly accept rapid transfer requests. Additionally, the Stroke Receiving Center must have a rapid transport agreement in place with an ICEMA approved EMS transport provider for that Exclusive Operation Area (EOA).
- Acknowledgement that stroke patients may **only** be diverted during the times of Internal Disaster in accordance to ICEMA Reference #8050 - Requests for Ambulance Redirection and Hospital Diversion (San Bernardino County Only).
- Emergent thrombolytic and tele-neurology protocol to be used by Neurology, Emergency, Pharmacy and Critical Care Teams.
- An alert/communication system for notification of incoming stroke patients, available 24 hours per day, seven (7) days per week (i.e., in-house paging system).

V. DATA COLLECTION

Designated Stroke Receiving Centers shall report all required data as determined by ICEMA and the Stroke Committee.

VI. CONTINUOUS QUALITY IMPROVEMENT (CQI) PROGRAM

Stroke Receiving Centers shall develop an on-going CQI program which monitors all aspects of treatment and management of stroke patients and identify areas needing improvement. The program must, at a minimum, monitor the following:

- Morbidity and mortality related to procedural complications.

- Review of all transfers.
- Tracking door-to-intervention times and adherence to minimum performance standards.
- Active participation in ICEMA Stroke CQI Committee and Stroke regional peer review process. This will include a review of selected medical records as determined by CQI indicators and presentation of details to peer review committee for adjudication.
- Provide Continuing Education (CE) opportunities twice per year for referral hospitals and EMS field personnel in areas of pathophysiology, assessment, triage and management for stroke patients and report annually to ICEMA.
- Lead public stroke education and illness prevention efforts and report annually to ICEMA.

VII. PERFORMANCE STANDARDS

Designated Stroke Receiving Centers must comply with the California Code of Regulations, Title 22, Division 9, Chapter 7.2, Stroke Critical Care System, ICEMA policies, and the Performance Measures set forth by the accrediting agencies identified in Section II, that exist and may change in the future.

VIII. DESIGNATION LEVELS

- **Acute Stroke Ready Hospital**: A hospital able to provide the minimum level of critical care services for stroke patients in the emergency department, and are paired with one or more hospitals with a higher level of stroke services.
- **Primary Stroke Center:** A hospital that treats acute stroke patients, and identifies patients who may benefit from transfer to a higher level of care when clinically warranted.
- **Thrombectomy-Capable Stroke Center:** A primary stroke center with the availability to perform mechanical thrombectomy for the ischemic stroke patient when clinically warranted.
- **Comprehensive Stroke Center:** A hospital with specific abilities to receive diagnose and treat all stroke cases and provide the highest level of care for stroke patients.

Acute Stroke Ready Hospitals

To be considered for Acute Stroke Ready hospital designation, multiple variables will be taken into consideration and will be determined by the ICEMA Medical Director:

- What are the current needs of the community?
- How will this impact the overall care in the system?
- What is the location of the hospital, is there a prolonged distance to a primary thrombectomy or comprehensive stroke center?

The hospital must meet the following minimum criteria:

- Written transfer agreements.

- Written policies and procedures for emergent stroke services to include written protocols and standardized orders.
- A data-driven, continuous quality improvement process.
- Neuro imaging services (CT or MRI) with interpretation of imaging available 24 hours a day, seven (7) days a week, and 365 days a year.
- Laboratory services to include blood testing, electrocardiography, and x-ray services 24 hours a day, seven (7) days a week and 365 days a year.
- Provide IV thrombolytic treatment.
- A clinical Stroke Team available to see patient (in person or by tele-health) within 20 minutes of arrival to ED.

Primary Stroke Centers

- Stroke diagnosis and treatment capacity 24 hours a day, seven (7) days a week.
- A clinical Stroke Team available to see in person or via telehealth, a patient identified as a potential stroke patient within 15 minutes following patient's arrival.
- Neuro imaging services capability that is available 24 hours a day, seven (7) days a week.
- Two (2) CT scanners and one (1) MRI scanner.
- Neuro imaging initiated within 25 minutes following arrival to ED.
- Laboratory services that are available 24 hours a day, seven (7) days a week.

Thrombectomy Capable Centers (in addition to Primary Stroke Center Requirements)

- The ability to perform mechanical thrombectomy for the treatment of ischemic stroke 24 hours a day, seven (7) days a week.
- Neuro interventionalist.
- Neuro radiologist.
- The ability to perform advanced imaging 24 hours a day, seven (7) days a week.

Comprehensive Centers (in addition to Primary and Thrombectomy Center Requirements)

- Neuro-endovascular diagnostic and therapeutic procedures available 24 hours a day, seven (7) days a week.
- Advanced imaging available 24 hours a day, seven (7) days a week.
- A stroke patient research program.
- A neurosurgical team capable of assessing and treating complex stroke and stroke-like syndromes.

- A written call schedule for attending neurointerventionalist, neurologist, or neurosurgeon providing availability 24 hours a day, seven (7) days a week.

IX. DESIGNATION

ICEMA designation as an Acute Stroke Ready Hospital, Primary, Thrombectomy Capable, or Comprehensive Stroke Center will be determined based on need and volume in the community. Designation will not be determined by current accreditation only; however, Stroke Receiving Centers must be accredited at least at an equivalent designation level being requested.

- The Stroke Receiving Center applicant shall be designated by ICEMA after satisfactory review of written documentation, a potential site survey and completion of an agreement between the hospital and ICEMA.
- Documentation of current certification as an Acute Ready Hospital, Primary Stroke Center Thrombectomy Capable Stroke Center or Comprehensive Stroke Center by TJC, HFAP or DNV.
- Initial designation as a Primary, Thrombectomy, Capable or Comprehensive Stoke Center shall be in accordance with terms outlined in the agreement.
- Failure to comply with the approved agreement, or ICEMA policy may result in probation, suspension, fines or rescission of the Stroke Receiving Center designation.

X. REFERENCE

Number	Name
8050	Requests for Ambulance Redirection and Hospital Diversion (San Bernardino County Only)

Exhibit 7 to Section 999.5(d)(5)(I)

Vendor: Oro Grande Elementary School District

X New Agreement **OR** ☐Existing Agreement (attach most recent annual contract evaluation)

Type of Agreement: Flu Shot Event

☐ Clinical Affiliation	☐ Physician	☐ Transfer
X Service	☐ Software	☐ Staffing
☐ Consulting	☐ Lease	☐ Equipment

☐ Other: _____

Effective Date: October 1, 2019

Expiration Date: November 30, 2021

St. Joseph Health
St. Mary

CONTRACT COVER SHEET

Justification (why is this contract needed?): The Oro Grande Elementary school District Like to collaborate with St. Mary Community Health department to offer the Community flu shots as a way to promote health and wellness.

What is the cost impact of this contract? No cost impact

How did you calculate this amount?: No fee

Documentation attached:

X OIG Query
http://exclusions.oig.hhs.gov/

X GSA Query
(https://www.sam.gov/portal/public/SAM/#1)

☐ Business Associate Agreement
(not required for Clinical Affiliation Agreements)

☐ Conflict of Interest Statement Attached?
(not required for Clinical Affiliation Agreements)

SJHS Legal Review?

☐ Template
☐ e-mail attached
X N/A

Does director have invoice sign-off authority up to authorized amount?

X Yes ☐ No ☐ N/A

Is annual contract evaluation required?

☐ Yes X No

QA/PI (PIAC) Reporting:
If one or more of the following criteria are checked, QA PI reporting is required and the attached document must be integrated at time of evaluation.

☐ Indirect Patient Contact X N/A
☐ Direct Patient Contact

Physician Agreements:
Is Fair Market Value within the 25th to 75th percentile? *(If no, Board approval is required)*

☐ Yes ☐ No X N/A

Date of Board approval: _____

Reviewed by:

Gloria Peak — 10/15/19
Reviewed by Department Director (Signature) — Date

Judy Wagner — 10/16/19
Reviewed by Vice President (Signature) — Date

Does this agreement include staff not employed by SMMC? ☐ Yes* ☑ No
** If yes, agreement must be referred to Vice President of Human Resources for review*

N/A
Reviewed by Vice President, Human Resources (Signature) — Date

Are other departments involved? ☐ Yes* ☑ No
** If yes, agreement must be referred to involved department Vice President for review*

N/A
Reviewed by Vice President (Signature) — Date

N/A
VP, Strategic Services (Signature) for physician contracts only — Date

10/16/19
Reviewed by CFO (Signature) — Date

10/17/19
Reviewed by COO (Signature) — Date

(only physician contracts require CEO review/signature)

N/A
Reviewed by CEO (Signature) — Date

Copies sent to:

Finance Department Tracy Fernandez
Department Director Gloria Peak, DNP, MSN, RN, FNP
Vice President Judy Wagner
Other _____

ORO GRANDE ELEMENTARY SCHOOL DISTRICT
PO BOX 386
19900 National Trails Hwy
Oro Grande, CA 92368

AGREEMENT FOR CONSULTANT SERVICES

This Agreement, made and entered into this 1st day of October, 2019, by and between the Oro Grande Elementary School District, hereinafter called "District", and (St. Mary Medical Center), herein called "Consultant",

WHEREAS, Consultant is especially skilled, trained, experienced and competent to render the services and advice described in Article 1 of this agreement and District requires these services and advice; and

NOW, THEREFORE, District and Consultant mutually agree as follows:

1. Services to be provided by Consultant
   a. Consultant will render the services described below:

   b. Consultant will commence work under this agreement on or about (October 1, 2019) and will diligently prosecute the work thereafter. Consultant has been approved for (1) day per calendar year to complete assigned task. Upon a showing of good and sufficient cause by Consultant, District may, in its discretion, grant such extensions of time as it may deem advisable; provided however, District shall not be obligated to pay consultant any additional consideration if such an extension of time has been granted, unless consultant undertakes additional services, in which instance the consideration shall be increased as District and Consultant shall agree.

   c. Consultant will perform said services in his or her own way and as an independent contractor in the pursuit of his or her independent calling and not as an employee of District; and he or she shall be under the control of District as to the result to be accomplished and not as to the means or manner by which such result is to be accomplished.

   d. If Consultant is a regular employee of a public entity, all said services which Consultant renders under this agreement will be performed at times other than Consultant's regular assigned workday for said entity, or during periods of vacation or leave of absence from said entity.

2. Services to be provided by District
   District will prepare and furnish to consultant upon his or her request, such information as is reasonably necessary to the performance of Consultant's work under this agreement.

3. Consultant's Fee and Payment Thereof
   The District will pay the consultant for services rendered at the rate of ($0) a day for (1) days not to exceed ($0). Payable upon submittal of invoices for professional services completed to date.

4. Duration of Agreement
The term of this agreement shall be from (October 1, 2019) through and including (November 30, 2021) or Completion of Services, whichever comes first.

5. Failure to Provide Satisfactory Service, Abandonment of Project, Cancellation of Agreement

a. If, at any time during the performance of this agreement, District determines, at District's discretion, that Consultant's services are or have become unsatisfactory, or if at any time during the performance of this agreement District determines to suspend indefinitely or abandon the work under this agreement, District shall have the right to cancel this agreement and terminate the performance of Consultant's service hereunder. In the event of such cancellation, District shall give written notice to Consultant of its intention to cancel two (2) days in advance of the effective date of the cancellation.

b. If the cancellation is for unsatisfactory performance, District shall be obligated to pay Consultant only for those services deemed by District to be satisfactory as of the effective date of cancellation or termination. If the cancellation is the result of District's decision to suspend indefinitely or abandon the work under this agreement, District shall be obligated to pay Consultant only for those services performed prior by Consultant through the effective date of cancellation and termination.

6. Successors and Assigns
This agreement shall not be assignable except with written consent of parties hereto.

7. Special Provisions
a. Consultant shall comply with all federal, state, and local laws and ordinances applicable to such work. Consultant shall provide Worker's Compensation insurance or self-insure his or her services.

b. If Consultant is an individual, he or she shall certify whether or not Consultant is a retired member of the State Teachers Retirement System of the State of California.

c. This agreement may be amended by the mutual written consent of the parties hereto.

8. Hold Harmless
Consultant hereby agrees to save and hold harmless District and its departments, agencies, officers or employees from all sum which District or any of its departments, agencies, officers, or employees may be obligated to pay by reason of performance of the services rendered by Consultant and caused by any error, omission or act of Consultant or any person employed by him or her or any others for whose acts Consultant is legally liable. Said sums shall include, in the event of legal action, court costs, expenses of litigation and reasonable attorney's fees.

IN WITNESS WHEREOF, the parties hereto have executed this agreement on the day and year first above written.

Oro Grande Elementary School District

By: _____
Kimberley MacKinney Ed.D.
Assistant Superintendent

Date: 09/20/2019

Consultant: St. Mary Medical Center

Signed: _____
(Name)

Tax I.D. No.

Exhibit 8 to Section 999.5(d)(5)(I)

County of San Bernardino County Contract # 19-268

Vendor: ~~San Bernardino County Department of Community Development and Housing Agency~~ (Community Development and Housing Agency)

☑ New Agreement OR ☐ Existing Agreement (attach most recent annual contract evaluation)

Type of Agreement:

☐ Clinical Affiliation	☐ Physician	☐ Transfer
☑ Service	☐ Software	☐ Staffing
☐ Consulting	☐ Lease	☐ Equipment

Support Healthy Communities efforts in improving Old Town Victorville through engaging residents for safer neighborhoods, parks and recreation.

Effective Date: 4/30/2019
Expiration Date: 6/30/2021

St. Joseph Health
St. Mary

CONTRACT COVER SHEET

Justification (why is this contract needed?): Funding from this grant/contract enables St. Mary to offer temporary housing in board/care to homeless discharged patients. It also supports a community health worker who will connect patients to agencies in the community that can provide wrap around services and lead to permanent supportive housing for homeless patients,.

What is the cost impact of this contract? How did you calculate this?
No impact anticipated.. Grant funds will offset approximately $126,000 in of St. Mary expenditures on temporary stays of homeless discharged patients.

Documentation attached:

☑ OIG Query
http://exclusions.oig.hhs.gov/
☑ GSA Query
(https://www.sam.gov/portal/public/SAM/#1)
☐ Business Associate Agreement
(not required for Clinical Affiliation Agreements)
☐ Conflict of Interest Statement Attached?

SJHS Legal Review?

☐ Template
☐ e-mail attached
☑ N/A

Does director have invoice sign-off authority up to authorized amount?

☑ Yes ☐ No

Is annual contract evaluation required?

☐ Yes ☑ No

QA/PI (PIAC) Reporting:
If one or more of the following criteria are checked, QA PI reporting is required and the attached document must be integrated at time of evaluation. N/A

☐ Indirect Patient Contact
☐ Direct Patient Contact

Physician Agreements:
Is Fair Market Value within the 25th to 75th percentile?
(If no, Board approval is required)

☐ Yes ☐ No ☑ N/A

Date of Board approval: _____

☐ Documentation of Need attached

Reviewed by:

Reviewed by Department Director (~~Donna Smith~~) (Kevin Mahaney) 4/19/2019 Date

Reviewed by Chief Mission Integration (Judy Wagner) 4/19/19 Date

Does this agreement include staff not employed by SMMC? ☐ Yes* ☑ No
** If yes, agreement must be referred to Vice President of Human Resources for review*

N/A
Reviewed by Director, Human Resources (Signature) Date

Are other departments involved? ☑Yes* ☐ No
** If yes, agreement must be referred to involved Department Chief for review*

N/A
Reviewed by Chief Philanthropy Officer (John Kozyra) Date

N/A
Chief Strategic Services Officer (Signature) for physician contracts only Date

N/A
Reviewed by CMO (Riad Abdelkarim, M.D.) Date

Reviewed by CFO (Tracey Fernandez) 4/22/19 Date

(only physician contracts require CE review/signature)

Interim CE (Marilyn Drone) 4/22/19 Date

Finance Department Tracey Fernandez
Department Director Kevin Mahany
Vice President Judy Wagner
Other Rosa Ramirez

THE INFORMATION IN THIS BOX IS NOT A PART OF THE CONTRACT AND IS FOR COUNTY USE ONLY

SAN BERNARDINO COUNTY

Contract Number

19-268

SAP Number

Community Development and Housing Agency

Department Contract Representative	Tom Hernandez Chief of Homeless Services
Telephone Number	(909) 386-8297
Contractor	St. Mary Medical Center
Contractor Representative	Rosa Ramirez
Telephone Number	(760) 946-8145
Contract Term	April 30, 2019 – June 30, 2021
Original Contract Amount	$140,350.00
Amendment Amount	
Total Contract Amount	$140,350.00
Cost Center	6210002500

THIS CONTRACT is entered into in the State of California by and between the County of San Bernardino, hereinafter referred to as the COUNTY, and St. Mary Medical Center, hereinafter referred to as CONTRACTOR.

IT IS HEREBY AGREED AS FOLLOWS:

WHEREAS, the COUNTY has been allocated funds by the State of California, Homeless Coordinating and Financing Council in the Business, Consumer and Housing Agency, hereinafter called State, under the Homeless Emergency Aid Program (HEAP) pursuant to Chapter 5 (commencing with Section 50210) of Part I of Division 30 of the Health and Safety Code, and all other relevant provisions established under SB 850 (Chapter 48, Statutes of 2018) to provide one-time flexible block grant funds to provide direct assistance to Continuums of Care (CoC) and large cities to address their immediate homelessness challenges; and,

WHEREAS, the COUNTY Community Development and Housing Agency, Office of Homeless Services, hereinafter referred to as OHS, is the Administrative Entity authorized to act on behalf of the COUNTY to administer HEAP as designated by the San Bernardino County Continuum of Care (SBC CoC), the eligible recipient of HEAP grant funding; and

WHEREAS, on October 2, 2018, the COUNTY released a Request for Application (RFA) seeking Applications from interested and qualified applicants to be included in the SBC CoC's collaborative application for HEAP funding and CONTRACTOR responded to the RFA and represents that it is qualified to participate in HEAP and has the required qualifications, experience and expertise to provide services and is willing to use State funds to serve individuals and families experiencing homelessness; and

WHEREAS, the COUNTY desires that such services be provided by CONTRACTOR and CONTRACTOR agrees to perform these services as set forth below;

NOW, THEREFORE, the COUNTY and CONTRACTOR mutually agree to the following terms and conditions:

TABLE OF CONTENTS

A. DEFINITIONS

A.1 **Administrative Entity**: A unit of general purpose local government (city, county or a city that is also a county) or a nonprofit organization that has (1) previously administered federal Department of Housing and Urban Development (HUD) Continuum of Care (CoC) funds as the collaborative applicant pursuant to Section 578.3 of Title 24 of the Code of Federal Regulations, and (2) been designated by the CoC to administer program funds.

A.2 **Bridge Housing**: Temporary housing resources offered while working with clients with Permanent Supportive Housing as the final goal. Case managers, housing locators and employment specialists work with each family to access their unique needs and create a customized plan for achieving long-term stability and independence. Once in permanent housing, families build on their success with aftercare support from program staff and a network of community partners.

A.3 **Case Management**: The coordination of community-based services by a professional team to provide people the quality care that is customized accordingly to an individual's setbacks or persistent challenges and aid them to their recovery. In addition, it can be defined as a collaborative process that assesses, plans, implements, coordinates, monitors, and evaluates the options and services required to meet the client's needs.

A.4 **Community Development and Housing Agency (CDHA)**: The COUNTY agency responsible for the strategic investment and alignment of resources for affordable housing related functions via oversight of the Community Development and Housing Department (CDH), the Office of Homeless Services (OHS), and for purposes of reporting, the Housing Authority of the County of San Bernardino (HACSB). As such, CDH prepares a strategic plan which governs the use of federal housing and community development grant funds that it receives from the United States Department of Housing and Urban Development (HUD). The HUD grant funds that CDH administers are: Community Development Block Grant Program, HOME Program, and Emergency Solutions Grant. In addition, CDHA administers the Mental Health Services Act Housing Program for the chronically ill and "at risk" of homelessness whom are mentally ill, along with OHS, which includes the COUNTY's Continuum of Care and Homelessness Management Information System programs.

A.5 **Continuum of Care (CoC)**: A program designed to promote community wide commitment to the goal of ending homelessness; providing funding for efforts to nonprofit providers; and State and local governments to rehouse homeless individuals and families while minimizing the trauma and dislocation caused to homeless individuals, families, and communities by homelessness; promote access to and effect utilization of mainstream programs by homeless individuals and families; and optimize self-sufficiency among individuals and families experiencing homelessness.

A.6 **Contractor**: Any individual, company, firm, corporation, partnership or other organization to whom a contract award is made by the COUNTY.

A.7 **Coordinated Entry System (CES)**: The CES is used to identify, assess and prioritize homeless individuals and families for housing and services based on vulnerability and severity of need. Designed to ensure people experiencing homelessness receive the right housing intervention and prioritize people who need supportive housing the most to be able to access it as quickly as possible.

A.8 **County of San Bernardino (COUNTY)**: A political subdivision of the State of California.

A.9 **Emergency Aid**: Any urgent and immediate services, which include housing that, will be provided to homeless individuals. Broad categories of uses include, but are not limited to, shelters, shelter beds, public toilets and shower facilities, tiny shed homes, etc.

A.10 **Homeless**: The same meaning as defined in Section 578.3 of Title 24 of the Code of Federal Regulations, as that Section read on May 1, 2018.

A.11 **Homeless Emergency Aid Program (HEAP)**: A $500 million block grant program, authorized by Senate Bill 850, designed to provide direct assistance to localities to address the homelessness crisis throughout California.

A.12 **Homeless Management Information System (HMIS)**: A web-enabled database used by homeless service providers to capture information about the San Bernardino County persons they serve. The database tracks services provided to homeless individuals and families by the collaborative agencies. Services tracked include: emergency, transitional, and permanent housing bed usage, employment, veteran's status, as well as referrals to health and human service providers, or other relevant supportive service agencies. As required by the United States Department of Housing and Urban Development, the Continuum of Care utilizes the captured information to make informed decisions in planning, homeless advocacy, and policy development that result in targeted services.

A.13 **Homeless Youth**: An unaccompanied homeless individual who is not older than 24 as defined in Section 578.3 of Title 24 of the Code of Federal Regulations. Homeless individuals not older than 24 who are parents are included in this definition.

A.14 **Housing First**: An evidence-based model that uses housing as a tool, rather than a reward, for recovery and that centers on providing or connecting homeless people to permanent housing as quickly as possible. Housing First providers offer services as needed and requested on a voluntary basis and that do not make housing contingent on participation in services. The Homeless Emergency Aid Program projects must be in compliance or otherwise align with the Core Components of Housing First, pursuant to Welfare and Institution Code Section 8255(b).

A.15 **Housing Search and Placement**: Services to assist clients to locate, secure, and navigate the rental market. Housing Search and Placement activities may include, but are not limited to, unit identification, unit inspection, determining rent reasonableness, contracts, advocating for households, landlord/tenant mediation, and any other housing requirements.

A.16 **Interagency Council on Homelessness (ICH)**: The primary decision-making group and oversight council for the San Bernardino County Continuum of Care (SBC CoC) comprised of elected officials, state and local representatives, community and faith-based organizations, and corporate advocates.

A.17 **Instance of Service**: Each encounter with a member of the target population where services are provided for each of the eligible grant activities. For example, one individual checks into a warming center operated by Provider X on Tuesday. The same individual checks into the same warming center the next night. This counts as two instances of service for this activity.

A.18 **Office of Homeless Services (OHS)**: The Administrative Entity for the San Bernardino County Continuum of Care (SBC CoC) Homeless Emergency Aid Program.

A.19 **Permanent Supportive Housing (PSH)**: Low-barrier permanent housing with services. The type of services depends on the needs of the residents. Services may be short-term, sporadic, or ongoing indefinitely. PSH units are for individuals and families who are homeless or chronically homeless. PSH is housing combined with services, which may include mental health and health services, drug and alcohol treatment, education and job training.

A.20 **Program**: The Homeless Emergency Aid Program (HEAP) established pursuant to Chapter 5 of Part 1 of Division 31 of the Health and Safety Code. Program and HEAP are used interchangeably throughout this document.

A.21 **Rapid Re-Housing (RRH)**: An intervention designed to help individuals and families quickly exit homelessness and return to permanent housing. Using the Housing First model, move families and individuals into permanent affordable housing as quickly as possible with minimal barriers, assist with move-in costs such as security and utility deposits and short-medium term declining rental subsidies, and provide intensive social services while families or individuals are in their home. Supportive services are designed to enhance each family or individual's stability and equip them with skills and resources they need to sustain and thrive in housing and avoid future homelessness.

A.22 **San Bernardino County Continuum of Care (SBC CoC)**: Provides leadership in creating a comprehensive countywide network of service delivery to homeless individuals and families and those at-risk of becoming homeless. .

A.23 **Shelter Crisis**: A situation in which a significant number of persons are without the ability to obtain shelter, resulting in a threat to their health and safety.

A.24 **State of California, Homeless Coordinating and Financing Council (State)**: Created pursuant to Section 8257 of the Welfare and Institutions Code to, among other things, identify mainstream resources, benefits, and services that can be accessed to prevent and end homelessness in California.

A.25 **Subcontractor**: An individual, company, firm, corporation, partnership or other organization, not in the employment of or owned by CONTRACTOR who is performing services on behalf of CONTRACTOR under a separate contract with or on behalf of CONTRACTOR.

A.26 **Target Population**: Any person who is homeless as defined for this grant (see A.10 above).

A.27 **United States Department of Housing and Urban Development (HUD)**: A Federal agency established in 1965, HUD's mission is to increase homeownership, support community development, and increase access to affordable housing free from discrimination.

B. CONTRACTOR RESPONSIBILITIES

The following shall be required by CONTRACTOR:

B.1 General Requirements

B.1.1 CONTRACTOR shall be in compliance with all applicable federal, state, and local laws, required to perform this Contract. CONTRACTOR shall be required to repay the COUNTY in the event of non-compliance with any applicable law if the COUNTY is required to repay any amount of funds to the State as a result of CONTRACTOR's non-compliance.

B.1.2 CONTRACTOR and its Subcontractors shall perform the work in accordance with federal, state and local housing and building codes, as applicable.

B.1.3 CONTRACTOR shall be responsible to accomplish the levels of performance as set forth in Exhibit 1 – HEAP AWARD BY ACTIVITY and report such measures monthly to the COUNTY with each monthly expenditures report. The COUNTY will review CONTRACTOR performance to assess expenditure and performance progress. If CONTRACTOR is not meeting expenditure and performance measures, the COUNTY will work with CONTRACTOR to identify strategies and remediate performance issues.

B.1.4 If CONTRACTOR is located in a city that did not declare a Shelter Crisis, the following provisions shall apply:

a. Services are the only eligible activity that can be provided; capital improvement and rental assistance or subsidies that include master leasing, holding units, motel vouchers, and other related types of rental assistance are not eligible.

b. Services cannot be exclusive to residents of that city; services shall be provided to residents throughout all geographic areas encompassed by the SBC CoC.

B.1.5 CONTRACTOR's obligation to the COUNTY shall not end until all closeout requirements are completed. Activities during closeout period shall include, but are not limited to: making final payments, disposing of program assets (including the return of all unused materials, equipment, unspent funds, and accounts receivable to the COUNTY), and determining the custodianship of records.

B.2 Scope of Work

The project description for services to be provided by CONTRACTOR under this Contract are identified in Exhibit 2 - SCOPE OF WORK.

B.3 Administrative Requirements

CONTRACTOR must adhere to the following:

B.3.1 Coordinated Entry System (CES)

a. The CES is a referral process that currently coordinates with the SBC CoC. All those participating with CES will need to apply to participate with the Homeless Management Information System (HMIS).

b. CONTRACTOR must work in collaboration with CES and SBC CoC to ensure the screening, assessment, and referral of HEAP participants are consistent with the eligible uses under HEAP.

c. CONTRACTOR agrees to receive referrals from CES prior to providing services with the exception of individuals receiving emergency assistance. In such cases, immediate services can be provided, but individuals and/or families must be referred by CONTRACTOR to CES for assessment and prioritization within seventy-two (72) hours. CONTRACTOR understands that individuals and/or families may not be referred to CONTRACTOR and may be referred to another service provider based upon the CES assessment.

B.3.2 Data Reporting

a. CONTRACTOR will submit to OHS detailed reports containing information listed in Exhibit 3 – HEAP REPORTING REQUIREMENTS.

b. The first report will be due on December 1, 2019. An additional report will be due no later than December 1, 2020, with a final report due forty-five (45) days after the date of expiration of this Contract. Frequency of reporting requirements are subject to change.

c. CONTRACTOR shall submit additional reports as required by the State or COUNTY.

B.3.3 Equipment and Other Property

All equipment, materials, supplies or property of any kind (including vehicles, publications, copyrights, etc.) purchased with HEAP funds received under the terms of this Contract which has a life expectancy of one (1) year or more shall be the property of the COUNTY and shall be subject to the provisions of this paragraph. The disposition of equipment or property of any kind shall be determined by the COUNTY when the Contract is terminated. Additional terms are as follows:

a. The purchase of any furniture or equipment which was not included in CONTRACTOR's approved budget, shall require the prior written approval of the COUNTY, and shall fulfill the provisions of this Contract which are appropriate and directly related to CONTRACTOR's services or activities under the terms of the Contract. The COUNTY may refuse approval for any cost resulting from such items purchased, which are incurred by CONTRACTOR, if prior written approval has not been obtained from the COUNTY.

b. Before equipment purchases made by CONTRACTOR are approved by the COUNTY, CONTRACTOR must submit paid vendor receipts identifying the purchase price, description of the item, serial numbers, model number and location where equipment will be used during the term of this Contract.

c. CONTRACTOR shall submit an inventory of equipment purchased under the terms of this Contract as part of the monthly expenditures report for the month in which the equipment is purchased. CONTRACTOR must also maintain an inventory of equipment purchased that, at a minimum, includes the description of the property, serial number or other identification number, title holder, acquisition date, cost of the equipment, location, use and condition of the property, and ultimate disposition data. A physical inventory of the property must be reconciled annually. Equipment should be adequately maintained and a control system in place to prevent loss, damage, or theft. Equipment with cost exceeding COUNTY's capitalization threshold of $5,000 must be depreciated.

d. No costs incurred prior to the Contract commencement date shall be eligible for reimbursement with HEAP funds.

e. Upon termination of this Contract, CONTRACTOR will provide a final inventory to the COUNTY and shall at that time query the COUNTY as to requirements, including the manner and method in returning equipment to the COUNTY. Final

disposition of such equipment shall be in accordance with instructions from the COUNTY.

B.3.4 Financial Management

a. Review, understanding, and certification that monthly expenditure reports submitted to the COUNTY meet eligible expenses under HEAP and State requirements. The COUNTY shall have no obligation to advance or pay CONTRACTOR with any funds other than HEAP funds the COUNTY receives from the State.

b. CONTRACTOR attests that by submitting a monthly expenditures report to OHS, it has completed all due diligence necessary and verified eligibility for HEAP funding. CONTRACTOR shall be required to repay COUNTY for non-eligible expenditures that may inadvertently be processed by the COUNTY.

c. Budget Changes – CONTRACTOR agrees that no changes shall be made to CONTRACTOR's HEAP budget without first obtaining approval. No more than the amounts specified in Exhibit 1 – HEAP AWARD BY ACTIVITY may be spent for the separate cost categories specified in the budget summary. Any changes to this Contract must be requested by CONTRACTOR in writing through OHS. Changes must be approved by the Interagency Council on Homelessness and the State.

d. Documentation of Costs and Other Financial Reporting

CONTRACTOR will be required to maintain books, records, documents, and other evidence directly related to the performance of work in accordance with Generally Acceptable Accounting Procedures. Costs shall be supported by properly executed payrolls, time records, invoices, receipts, vouchers or other official documentation, as evidence of the nature and propriety of the charges.

All accounting documents pertaining in whole or in part to this Contract shall be clearly identified and readily accessible, and upon reasonable notice, the COUNTY shall have the right to audit the records of the CONTRACTOR as they relate to the Contract and the activities and services described herein.

CONTRACTOR shall also:

1) Maintain an effective system of internal fiscal control and accountability for all HEAP funds and property acquired or improved with HEAP funds, and make sure the same are used solely for authorized purposes.

2) Keep a continuing record of all disbursements by date, payment method, amount, vendor, description of items purchased and line item from which the money was expended, as reflected in the CONTRACTOR's accounting records.

3) Maintain payroll, financial, and expense reimbursement records for a minimum period of five (5) years after the termination of this Contract.

4) Permit inspection and audit of its records with respect to all matters authorized by this Contract by representatives of the COUNTY at any time during normal business hours and as often as necessary.

5) Inform the COUNTY concerning any funds allocated to CONTRACTOR, that the CONTRACTOR anticipates will not be expended during the term of this Contract.

6) Repay the COUNTY any funds in its possession at the time of the termination of this Contract that may be due to the COUNTY; e.g. ineligible costs, unexpended funds, etc.

B.3.5 Funding

a. This Contract is valid and enforceable only if sufficient funds are made available to COUNTY by legislative appropriation. In addition, this Contract is subject to any additional restrictions, limitations or conditions, or statutes, regulations or any other laws, whether federal or those of the State, or of any agency, department, or any political subdivision of federal or the state governments, which may affect the provisions, terms or funding of this Contract in any manner.

b. CONTRACTOR must establish and maintain effective internal controls over all funding awarded to CONTRACTOR by the COUNTY to provide reasonable assurance that CONTRACTOR complies with federal, state, and county statutes, regulations, and terms and conditions of the Contract.

c. COUNTY may base funding for CONTRACTOR upon positive performance outcomes, which OHS will monitor throughout the year.

d. CONTRACTOR must be able to demonstrate that HEAP funds were expended for eligible uses to benefit members of the Target Population.

e. Funds allocated pursuant to this Contract shall be used exclusively for costs included in CONTRACTOR's Program budget. Contract funds shall not be used as security or to guarantee payments for any non-program obligations nor as loans for non-program activities.

f. CONTRACTOR certifies and agrees that it will not use funds provided through this Contract to pay for entertainment, gifts, or fundraising activities.

g. Ineligible Costs – HEAP funds shall not be used for costs associated with activities in violation of any law or for any activities not consistent with the intent of HEAP and the eligible uses identified in California Health and Safety Code Section 50214.

The COUNTY or the State reserves the right to request additional information and clarification to determine the reasonableness and eligibility of all costs to be paid with funds made available by this Contract. If CONTRACTOR or its Subcontractors use HEAP funds to pay for ineligible activities, CONTRACTOR shall be required to reimburse these funds to the COUNTY within thirty (30) days of the request.

1) An expenditure which is not authorized by this Contract, or which cannot be adequately documented, shall be disallowed and must be reimbursed to the COUNTY by CONTRACTOR.

2) The State, at its sole and reasonable discretion, shall make the final determination regarding the allowability of expenditures of HEAP funds.

3) Program funds shall not be used for overhead or planning activities, including HMIS or Homelessness Plans.

h. CONTRACTOR must ensure that:

1) No less than 50 percent (50%) of HEAP funds shall be expended by May 31, 2020;

2) One hundred percent (100%) of HEAP funds shall be expended by May 31, 2021; and

3) Any funds not expended by June 30, 2021 shall be returned to COUNTY.

"Expended" means all HEAP funds obligated under the Contract or subcontracts have been fully paid and receipted, and no invoices remain outstanding."

Reports submitted by the CONTRACTOR will be utilized to ensure that CONTRACTOR is on track to expend 100 percent of HEAP funds by May 31, 2021.

i. HEAP funds may not be obligated and expended prior to the effective date of this Contract. "Obligate" means that CONTRACTOR has placed orders, entered into

sub-contracts, received services, or entered into similar transactions that require payment from the Contract award.

j. All proceeds from any interest-bearing account established by the CONTRACTOR for the deposit of HEAP funds must be used for HEAP-eligible activities. Documentation of all expenditures and accrued interest shall be reported on the forms provided by OHS (i.e., HEAP Expenditure Report).

k. Any housing-related activities funded with HEAP funds, including but not limited to, emergency shelter, rapid-rehousing, rental assistance, transitional housing and permanent supportive housing must be in compliance or otherwise aligned with the Core Components of Housing First, pursuant to Welfare and Institution Code Section 8255(b).

l. CONTRACTOR confirms that rental assistance will be issued directly to a property owner or an agent authorized to act on behalf of a property owner.

m. Joint Funding – For all programs and services for which there are sources of funds in addition to COUNTY funds as provided under this Contract, CONTRACTOR shall provide proof of such funding. Contractor must be able to account for the receipt, obligation and expenditure of funds.

The COUNTY shall NOT pay for any services provided by CONTRACTOR which are funded by other sources. All restrictions and/or requirements provided in this Contract relative to accounting, budgeting, and reporting apply to the total program regardless of funding sources.

n. The COUNTY reserves the right to reduce the Contract award when the COUNTY's fiscal monitoring indicates that CONTRACTOR's rate of expenditure will result in unspent funds at the end of the Contract term or if it is determined that costs incurred are not in conformance with eligible costs as defined in Health and Safety Code Section 50214. Changes in the Contract award will be done after consultation with CONTRACTOR. Such changes shall be incorporated into this Contract by written amendment(s).

B.3.6 Fiscal Award Monitoring

a. The COUNTY has the right to monitor the Contract during the Contract period to ensure accuracy of expenditure reports and compliance with applicable laws and regulations.

b. CONTRACTOR agrees to furnish duly authorized representatives from the COUNTY and the State access to all financial records necessary to review or audit Contract services and to evaluate the cost, quality, and appropriateness of services.

c. If the State or the COUNTY determines that all, or any part of, the payments made by the COUNTY to CONTRACTOR pursuant hereto are not eligible expenses in accordance with this Contract, said funds will be repaid by CONTRACTOR to the COUNTY. In the event such payment is not made on demand, the COUNTY may withhold future disbursements to CONTRACTOR until such disallowances are paid by CONTRACTOR. If disallowable expenses are not reimbursed within thirty (30) days of demand, the Contract will terminate without consultation at the COUNTY's sole and absolute discretion.

d. If there is a conflict between a State audit of this Contract and a COUNTY audit of this Contract, the State audit shall take precedence.

B.3.7 Closeout

CONTRACTOR shall submit a closeout report including a narrative of the project outcomes, an inventory of all equipment and property acquired or improved by HEAP funds, and a final financial report, upon termination or completion of the services specified in this Contract.

CONTRACTOR agrees to adhere to and comply with the closeout procedures detailed below; including, but not limited to the following:

a. Disposition of Program assets shall be determined by the COUNTY when the Contract is terminated.

b. CONTRACTOR shall submit within forty-five (45) days after the date of expiration of this Contract, all financial, performance, and other reports required by this Contract; and in addition, will cooperate in a Program audit by the COUNTY.

c. Any unobligated/unexpended funds disbursed in advance to CONTRACTOR shall be returned to the COUNTY within thirty (30) days after the expiration of the Contract term; and

d. CONTRACTOR must account for any real and personal property acquired with HEAP funds.

e. Closeout will remain pending until all requirements are met and all outstanding issues with the CONTRACTOR have been resolved to the satisfaction of the COUNTY.

B.3.8 Homeless Management Information System

The HMIS is a local database application used to collect client-level data and data on the provision of housing and services to homeless individuals and families and persons at risk of homelessness in the County. CONTRACTOR must ensure that data on all persons served are entered into the County-wide HMIS. HMIS is managed and operated by OHS. HMIS technical and data standards are set forth in the Final 2017 HMIS Data Standards, on file with OHS.

a. CONTRACTOR shall enter into a Memorandum of Understanding (MOU) with the HMIS Lead Agency where the CONTRACTOR agrees to share HMIS data with other HEAP funded agencies, unless prohibited by law.

b. CONTRACTOR is required to work with OHS staff to ensure the timely and accurate set-up of their HMIS program profile and to ensure the HMIS program profile is setup in a manner that accurately captures the data pertinent to CONTRACTOR's program. CONTRACTOR's program profile must be setup prior to CONTRACTOR submitting their first HEAP Disbursement Request form.

c. CONTRACTOR shall submit a copy of HMIS reports (see Exhibit 4 – HMIS CLIENT DATA REPORT SAMPLE) with the monthly expenditure reports. In the case of Domestic Violence service providers or other agencies prohibited from entering data into HMIS, documentation from the HMIS lead agency certifying that the CONTRACTOR is using a comparable database shall be delivered to the COUNTY. The contact information for the "HMIS Lead Agency" is:

Mike Bell, HMIS Lead
County of San Bernardino
Office of Homeless Services
303 East Vanderbilt Way
San Bernardino CA 92415-0026
Michael.Bell@dbh.sbcounty.gov
Phone: 909-386-8286

d. CONTRACTOR must ensure all required data elements, as listed below, are entered into the HMIS system for HEAP participants, in a timely manner, and is inputted no later than two (2) working days after program entry. Services rendered to clients must be entered into HMIS no later than two (2) working days from date of service(s). All clients who exit the program must have an updated status in HMIS within two (2) working days from actual exit date. Failure to meet the above data inputting requirements will constitute a violation of the terms and conditions of this Contract. CONTRACTOR will be notified by OHS, and if not rectified, the Contract may be terminated at the COUNTY's sole and absolute discretion.

e. In addition to the timely entry of HMIS data, CONTRACTOR is required to enter accurate and complete data. The COUNTY will ensure CONTRACTOR adheres to Data Quality Standards, as established by HUD, and data entry requirements, as set forth in the HMIS MOU and the OHS Policy Handbook. The Data Quality Standards assess the data quality and completeness of the following Data Elements entered:

1) Client Demographic Data
- **a)** Name
- **b)** Social Security Number
- **c)** Date of Birth
- **d)** Race
- **e)** Ethnicity
- **f)** Gender
- **g)** Veteran Status

2) Universal Data
- **a)** Disabling Condition
- **b)** Project Start Date
- **c)** Project Exit Date
- **d)** Destination
- **e)** Relationship to Head of Household
- **f)** Client Location
- **g)** Housing Move-in Date
- **h)** Living Situation

3) Common Program Specific Data Elements
- **a)** Income and Sources
- **b)** Non-Cash Benefits
- **c)** Health Insurance
- **d)** Disability Elements
- **e)** Physical Disability
- **f)** Developmental Disability
- **g)** Chronic Health Condition
- **h)** HIV/AIDS
- **i)** Mental Health Problem
- **j)** Substance Abuse
- **k)** Domestic Violence
- **l)** Contact
- **m)** Date of Engagement
- **n)** Bed-Night Date
- **o)** Housing Assessment Disposition

4) Data Timeliness
- **a)** Entry Timeliness
- **b)** Exit Timeliness

f. According to Data Quality Standards, CONTRACTOR is required to have a five-percent (5%) or less error rate to ensure data accuracy and less than a five-day lapse in timeliness for entry of data at time of client entry, services are rendered, and client exit. Any performance benchmarks not meeting these standards will be flagged and captured on a CONTRACTOR HMIS Data Quality Report Card (Report Card) generated by the OHS (see Exhibit 5 - HMIS DATA QUALITY REPORT CARD). The Report Card will be generated and reviewed on a quarterly basis. The Report Card will be provided to CONTRACTOR when available, and data deficiencies, if any, will be identified and discussed with CONTRACTOR to determine methods to remediate and/or improve data quality scores.

g. If CONTRACTOR continues to not meet data entry and data quality benchmarks, as established by HUD and set forth in the HMIS MOU and the OHS Policy Handbook, COUNTY may terminate Contract as set forth in CORRECTION OF PERFORMANCE DEFICIENCIES Section.

h. CONTRACTOR agrees to provide the COUNTY and/or the State access to HMIS data collected and entered into HMIS, upon request, and to participate in any statewide data initiative as directed by the State including, but not limited to, a statewide data integration environment.

B.3.9 Housing First

The methodology of providing services will follow the Housing First policy. This is an approach that offers permanent, affordable housing quickly as possible for individuals and families experiencing homelessness, and then provides the supportive services and connections to the community-based supports people need to avoid returning to homelessness. HEAP projects must align and comply with the core components of Housing First as defined in California Welfare and Institutions Code Section 8255(b) (see Exhibit 6).

B.3.10 Program Participant Eligibility

CONTRACTOR must ensure that:

a. HEAP participants meet the Homeless definition as defined in Section 578.3 of Title 24 of the Code of Federal Regulations:

1) An individual or family who lacks a fixed, regular, and adequate nighttime residence, meaning:

a) An individual or family with a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings, including a car, park, abandoned building, bus or train station, airport, or camping ground;

b) An individual or family living in a supervised publicly or privately operated shelter designated to provide temporary living arrangements (including congregate shelters, transitional housing, and hotels and motels paid for by charitable organizations or by Federal, State and local government programs for low-income individuals); or

c) An individual who is exiting an institution where he or she resided for 90 days or less and who resided in an emergency shelter or place not meant for human habitation immediately before entering that institution.

2) An individual or family who will imminently lose their primary nighttime residence, provided that:

a) The primary nighttime residence will be lost within 14 days of the date of application for homeless assistance;

b) No subsequent residence has been identified; and

c) The individual or family lacks the resources or support networks, e.g., family, friends, faith-based or other social networks, needed to obtain other permanent housing;

3) Unaccompanied youth under 25 years of age, or families with children and youth, who do not otherwise qualify as homeless under this definition, but who:

a) Are defined as homeless under Section 387 of the Runaway and Homeless Youth Act (42 U.S.C. 5732a), Section 637 of the Head Start Act (42 U.S.C. 9832), Section 41403 of the Violence Against Women Act of 1994 (42 U.S.C. 14043e-2), Section 330(h) of the Public Health Service Act (42 U.S.C. 254b(h)), Section 3 of the Food and Nutrition Act of 2008 (7 U.S.C. 2012), Section 17(b) of the Child Nutrition Act of 1966 (42 U.S.C. 1786(b)), or Section 725 of the McKinney-Vento Homeless Assistance Act (42 U.S.C. 11434a);

b) Have not had a lease, ownership interest, or occupancy agreement in permanent housing at any time during the 60 days immediately preceding the date of application for homeless assistance;

c) Have experienced persistent instability as measured by two moves or more during the 60-day period immediately preceding the date of applying for homeless assistance; and,

d) Can be expected to continue in such status for an extended period of time because of chronic disabilities; chronic physical health or mental health conditions; substance addiction; histories of domestic violence or childhood abuse (including neglect); the presence of a child or youth with a disability; or two or more barriers to employment, which include the lack of a high school degree or General Education Development (GED), illiteracy, low English proficiency, a history of incarceration or detention for criminal activity, and a history of unstable employment; or

4) Any individual or family who:

a) Is fleeing, or is attempting to flee, domestic violence, dating violence, sexual assault, stalking, or other dangerous or life-threatening conditions that relate to violence against the individual or a family member, including a child, that has either taken place within the individual's or family's primary nighttime residence or has made the individual or family afraid to return to their primary nighttime residence;

b) Has no other residence; and

c) Lacks the resources or support networks, e.g., family, friends, and faith-based or other social networks, to obtain other permanent housing.

b. HEAP participants are referred by CES to CONTRACTOR.

c. CONTRACTOR coordinates Program enrollment and services in collaboration with CES.

B.3.11 Job Training and Employment
CONTRACTOR shall refer HEAP clients that are eligible for job training and employment services to the County of San Bernardino Workforce Development Department (WDD).

Number of participants who have been referred to WDD program will be reported on a monthly basis by CONTRACTOR.

B.3.12 Staffing Requirements
CONTRACTOR shall provide the necessary professional staff to meet the needs of the homeless population following the Housing First model (ex. Case managers, Clinicians, medical staff, peer advocates, employment specialists, and eligibility specialists). CONTRACTOR must have the readiness capacity to immediately perform and administer homeless efforts through HEAP funding.

C. GENERAL CONTRACT REQUIREMENTS

C.1 Air, Water Pollution Control, Safety and Health
CONTRACTOR shall comply with all air pollution control, water pollution, safety and health ordinances and statutes, which apply to the work performed pursuant to this Contract.

C.2 Attorney's Fees and Costs
If any legal action is instituted to enforce any party's rights hereunder, each party shall bear its own costs and attorney fees, regardless of who is the prevailing party. This paragraph shall not apply to those costs and attorney fees directly arising from a third-party legal action against a party hereto and payable under Indemnification and Insurance Requirements.

C.3 Background Checks for Contractor Personnel
CONTRACTOR shall ensure that its personnel (a) are authorized to work in the jurisdiction in which they are assigned to perform Services; (d) do not use legal or illegal substances in any manner which will impact their ability to provide Services to the CONTRACTOR; and (c) are not otherwise disqualified from performing the Services under applicable law. If requested by the COUNTY and not in violation of applicable law, CONTRACTOR shall conduct a background check, at CONTRACTOR's sole expense, on all its personnel providing Services. If requested by the COUNTY, CONTRACTOR shall provide the results of the background check of each individual to the COUNTY. Such background check shall be in the form generally used by CONTRACTOR in its initial hiring of employees or contracting for contractors or, as applicable, during the employment-screening process but must, at a minimum, have been performed within the preceding 12-month period. CONTRACTOR personnel who do not meet the COUNTY's hiring criteria, in COUNTY's sole discretion, shall not be assigned to work on COUNTY property or Services, and COUNTY shall have the right, at its sole option, to refuse access to any Contract personnel to any COUNTY facility.

C.4 Change of Address
CONTRACTOR shall notify the COUNTY in writing, of any change in mailing address within ten (10) business days of the change.

C.5 Child Support Compliance Act
For any Contract in excess of $100,000, CONTRACTOR acknowledges in accordance with Public Contract Code 7110, that:

C.5.1 CONTRACTOR recognizes the importance of child and family support obligations and shall fully comply with all applicable State and Federal laws relating to child and family support enforcement, including, but not limited to, disclosure of information and compliance with earnings assignment orders, as provided in Chapter 8 (commencing with Section 5200) of Part 5 of Division 9 of the Family code; and

C.5.2 CONTRACTOR, to the best of its knowledge is fully complying with the earnings assignment orders of all employees and is providing the names of all new employees to the New Hire Registry maintained by the California Employment Development Department.

C.6 Choice of Law
This Contract shall be governed by and construed according to the laws of the State of California.

C.7 Compliance with County Policy

In performing the Services and while at COUNTY facilities, CONTRACTOR personnel (including subcontractors) shall (a) conduct themselves in a businesslike manner; (b) comply with the policies, procedures, and rules of the COUNTY regarding health and safety, and personal, professional and ethical conduct; (c) comply with the finance, accounting, banking, Internet, security, and/or other applicable standards, policies, practices, processes, procedures, and controls of the COUNTY; and (d) abide by all laws applicable to the COUNTY facilities and the provision of the Services, and all amendments and modifications to each of the documents listed in subsections (b), (c), and (d) (collectively, "County Policies"). County Policies, and additions or modifications thereto, may be communicated orally or in writing to CONTRACTOR or CONTRACTOR personnel or may be made available to CONTRACTOR or CONTRACTOR personnel by conspicuous posting at a COUNTY facility, electronic posting, or other means generally used by COUNTY to disseminate such information to its employees or contractors. CONTRACTOR shall be responsible for the promulgation and distribution of County Policies to CONTRACTOR personnel to the extent necessary and appropriate.

The COUNTY shall have the right to require CONTRACTOR's employees, agents, representatives and subcontractors to exhibit identification credentials issued by the COUNTY in order to exercise any right of access under this Contract.

C.8 Compliance with State and Federal Laws, Rules, and Regulations

CONTRACTOR agrees to comply with all State and Federal laws, rules and regulations that pertain to construction, health and safety, labor, fair employment practices, environmental protection, equal opportunity, fair housing, and all other matters applicable and/or related to the HEAP program, CONTRACTOR, its subcontractors, and all eligible activities.

C.9 Confidentiality

CONTRACTOR shall protect from unauthorized use or disclosure names and other identifying information concerning persons receiving services pursuant to this Contract, except for statistical information not identifying any participant. CONTRACTOR shall not use or disclose any identifying information for any other purpose other than carrying out the CONTRACTOR's obligations under this Contract, except as may be otherwise required by law. This provision will remain in force even after the termination of the Contract.

C.10 Conflict of Interest

CONTRACTOR shall make all reasonable efforts to ensure that no conflict of interest exists between its officers, employees, or subcontractors and the COUNTY. CONTRACTOR shall make a reasonable effort to prevent employees, CONTRACTOR, or members of governing bodies from using their positions for purposes that are, or give the appearance of being motivated by a desire for private gain for themselves or others such as those with whom they have family business, or other ties. Officers, employees, and agents of cities, counties, districts, and other local agencies are subject to applicable conflict of interest codes and State law. In the event the COUNTY determines a conflict of interest situation exists, any increase in costs, associated with the conflict of interest situation, may be disallowed by the COUNTY and such conflict may constitute grounds for termination of the Contract. This provision shall not be construed to prohibit employment of persons with whom CONTRACTOR's officers, employees, or agents have family, business, or other ties so long as the employment of such persons does not result in increased costs over those associated with the employment of any other equally qualified applicant.

C.11 Contract Amendments

CONTRACTOR agrees any alterations, variations, modifications, or waivers of the provisions of the Contract, shall be valid only when reduced to writing, executed and attached to the original Contract and approved by the person(s) authorized to do so on behalf of CONTRACTOR and COUNTY.

C.12 Contract Assignability

Without the prior written consent of the COUNTY, the Contract is not assignable by CONTRACTOR either in whole or in part.

C.13 Contract Exclusivity

This is not an exclusive Contract. The COUNTY reserves the right to enter into a contract with other contractors for the same or similar services. The COUNTY does not guarantee or represent that the CONTRACTOR will be permitted to perform any minimum amount of work, or receive compensation other than on a per order basis, under the terms of this Contract.

C.14 Copyright

The COUNTY shall have a royalty-free, non-exclusive and irrevocable license to publish, disclose, copy, translate, and otherwise use, copyright or patent, now and hereafter, all reports, studies, information, data, statistics, forms, designs, plans, procedures, systems, and any other materials or properties developed under this Contract including those covered by copyright, and reserves the right to authorize others to use or reproduce such material. All such materials developed under the terms of this Contract shall acknowledge the COUNTY of San Bernardino as the funding agency and CONTRACTOR as the creator of the publication. No such materials, or properties produced in whole or in part under this Contract shall be subject to private use, copyright or patent right by CONTRACTOR in the United States or in any other country without the express written consent of the COUNTY. Copies of all educational and training materials, curricula, audio/visual aids, printer material, and periodicals, assembled pursuant to this Contract must be filed with the COUNTY prior to publication.

C.15 County Representative

The Chief of Homeless Services, or his/her designee, shall represent the COUNTY in all matters pertaining to the services to be rendered under this Contract, including termination and assignment of this Contract, and shall be the final authority in all matters pertaining to the Services/Scope of Work by CONTRACTOR. If this Contract was initially approved by the San Bernardino County Board of Supervisors, then the Board of Supervisors must approve all amendments to this Contract, except for budget reallocation and non-substantive changes, which may be approved by the Deputy Executive Officer of the Community Development and Housing Agency or the Chief of Homeless Services.

C.16 Damage to County Property

CONTRACTOR shall repair, or cause to be repaired, at its own cost, all damages to COUNTY vehicles, facilities, buildings or grounds caused by the willful or negligent acts of CONTRACTOR or its employees or agents. Such repairs shall be made immediately after CONTRACTOR becomes aware of such damage, but in no event later than thirty (30) days after the occurrence.

If the CONTRACTOR fails to make timely repairs, the COUNTY may make any necessary repairs. The CONTRACTOR, as determined by the COUNTY, shall repay all costs incurred by the COUNTY for such repairs, by cash payment upon demand, or the COUNTY may deduct such costs from any amounts due to the CONTRACTOR from the COUNTY, as determined at the COUNTY's sole discretion.

C.17 Debarment and Suspension

CONTRACTOR certifies that neither it nor its principals or subcontracts is presently disbarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any federal department or agency. (See the following United States General Services Administration's System for Award Management website https://www.sam.gov). CONTRACTOR further certifies that if it or any of its Subcontractors are business entities that must be registered with the California Secretary of State, they are registered and in good standing with the Secretary of State.

C.18 Disclosure of Criminal and Civil Procedures

The COUNTY reserves the right to request the information described herein from the CONTRACTOR. Failure to provide the information may result in a termination of the Contract. The COUNTY also reserves the right to obtain the requested information by way of a background check performed by an investigative firm. The CONTRACTOR also may be requested to provide information to clarify initial responses. Negative information discovered may result in Contract termination.

CONTRACTOR is required to disclose whether the firm, or any of its partners, principals, members, associates or key employees (as that term is defined herein), within the last ten years, has been indicted on or had charges brought against it or them (if still pending) or convicted of any crime or offense arising directly or indirectly from the conduct of the firm's business, or whether the firm, or any of its partners, principals, members, associates or key employees, has within the last ten years, been indicted on or had charges brought against it or them (if still pending) or convicted of any crime or offense involving financial misconduct or fraud. If the response is affirmative, the CONTRACTOR will be asked to describe any such indictments or charges (and the status thereof), convictions and the surrounding circumstances in detail.

In addition, the CONTRACTOR is required to disclose whether the firm, or any of its partners, principals, members, associates or key employees, within the last ten years, has been the subject of legal proceedings as defined herein arising directly from the provision of services by the firm or those individuals. "Legal proceedings" means any civil actions filed in a court of competent jurisdiction, or any matters filed by an administrative or regulatory body with jurisdiction over the firm or the individuals. If the response is affirmative, the CONTRACTOR will be asked to describe any such legal proceedings (and the status and disposition thereof) and the surrounding circumstances in detail.

CONTRACTOR shall notify the COUNTY immediately of any claim or action undertaken by or against it, which affects or may affect this Contract or the COUNTY, and shall take such action with respect to the claim or action as is consistent with the terms of this Contract and the interests of the COUNTY.

For purposes of this provision "key employees" includes any individuals providing direct service to the COUNTY. "Key employees" do not include clerical personnel providing service at the firm's offices or locations.

C.19 Drug-Free Workplace Certification

Certification of Compliance: By signing this Contract, CONTRACTOR, and its subcontractors, hereby certify, under penalty of perjury under the laws of the State of California, compliance with the requirements of the Drug-Free Workplace Act of 1990 (Government Code 8350 et seq.) and have or will provide a drug-free workplace by taking the following actions:

C.19.1 Publish a statement notifying employees and subcontractors that unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited and specifying actions to be taken against employees, contractors, or subcontractors for violations, as required by Government Code Section 8355(a)(1).

C.19.2 Establish a Drug-Free Awareness Program, as required by Government Code Section 8355(a)(2) to inform employees, contractors, or subcontractors about all of the following:

a. The dangers of drug abuse in the workforce;

b. CONTRACTOR's policy of maintaining a drug-free workplace;

c. Any available counseling, rehabilitation, and employee assistance programs; and,

d. Penalties that may be imposed upon employees, contractors, and subcontractors for drug abuse violations.

C.19.3 Provide as required by Government Code Section 8355(a)(3), that every employee and/or subcontractor who works under this Agreement:

a. Will receive a copy of CONTRACTOR's drug-free policy statement; and

b. Will agree to abide by the terms of CONTRACTOR's condition of employment or subcontract.

C.20 Drug and Alcohol Free Workplace

In recognition of individual rights to work in a safe, healthful and productive work place, as a material condition of this Contract, CONTRACTOR agrees that CONTRACTOR and

CONTRACTOR's employees, while performing service for the COUNTY, on COUNTY property, or while using COUNTY equipment:

C.20.1 Shall not be in any way impaired because of being under the influence of alcohol or an illegal or controlled substance.

C.20.2 Shall not possess an open container of alcohol or consume alcohol or possess or be under the influence of an illegal or controlled substance.

C.20.3 Shall not sell, offer, or provide alcohol or an illegal or controlled substance to another person, except where CONTRACTOR or CONTRACTOR's employee who, as part of the performance of normal job duties and responsibilities, prescribes or administers medically prescribed drugs.

CONTRACTOR shall inform all employees that are performing service for the COUNTY on COUNTY property, or using COUNTY equipment, of the COUNTY's objective of a safe, healthful and productive work place and the prohibition of drug or alcohol use or impairment from same while performing such service for the COUNTY.

The COUNTY may terminate for default or breach of this Contract and any other Contract the CONTRACTOR has with the COUNTY, if the CONTRACTOR or CONTRACTOR's employees are determined by the COUNTY not to be in compliance with above.

C.21 Duration of Terms

This Contract, and all of its terms and conditions, shall be binding upon and shall inure to the benefit of the heirs, executors, administrators, successors, and assigns of the respective parties, provided no such assignment is in violation of the provisions of this Contract.

C.22 Employment Discrimination

During the term of the Contract, CONTRACTOR shall not discriminate against any employee or applicant for employment because of race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, sexual orientation, age, or military and veteran status. CONTRACTOR shall comply with Executive Orders 11246, 11375, 11625, 12138, 12432, 12250, 13672, Title VI and Title VII of the Civil Rights Act of 1964, the California Fair Employment and Housing Act and other applicable federal, state and county laws and regulations and policies relating to equal employment and contracting opportunities, including laws and regulations hereafter enacted.

During the term of this Contract, CONTRACTOR and its subcontractors shall not unlawfully discriminate, harass, or allow harassment against any employee or applicant for employment because of sex (gender), sexual orientation, gender identify, gender expression, race, color, ancestry, religion, creed, national origin (including language use restriction), pregnancy, physical disability (including HIV and AIDS), mental disability, medical condition (cancer/genetic characteristics), age (over 40), genetic information, marital status, military and veteran status, and denial of medical and family care leave or pregnancy disability leave. CONTRACTOR and subcontractors shall ensure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. CONTRACTOR or subcontractors shall comply with the provisions of the Fair Employment and Housing Act (California Code of Regulations, Title 2, Section 7285 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations, are incorporated into this Agreement by reference and made a part of hereof as if set forth in full. CONTRACTOR 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.

C.23 Former County Administrative Officials

CONTRACTOR agrees to provide, or has already provided information on former County of San Bernardino administrative officials (as defined below) who are employed by or represent CONTRACTOR. The information provided includes a list of former COUNTY administrative officials who terminated COUNTY employment within the last five years and who are now

officers, principals, partners, associates or members of the business. The information also includes the employment with or representation of CONTRACTOR. For purposes of this provision, "COUNTY administrative official" is defined as a member of the Board of Supervisors or such officer's staff, County Executive Officer or member of such officer's staff, COUNTY department or group head, assistant department or group head, or any employee in the Exempt Group, Management Unit or Safety Management Unit.

C.24 Improper Consideration

CONTRACTOR shall not offer (either directly or through an intermediary) any improper consideration such as, but not limited to cash, discounts, service, the provision of travel or entertainment, or any items of value to any officer, employee or agent of the COUNTY in an attempt to secure favorable treatment regarding this Contract.

The COUNTY, by written notice, may immediately terminate this Contract if it determines that any improper consideration as described in the preceding paragraph was offered to any officer, employee or agent of the COUNTY with respect to the proposal and award process. This prohibition shall apply to any amendment, extension or evaluation process once a contract has been awarded.

CONTRACTOR shall immediately report any attempt by a COUNTY officer, employee or agent to solicit (either directly or through an intermediary) improper consideration from CONTRACTOR. The report shall be made to the supervisor or manager charged with supervision of the employee or the County Administrative Office. In the event of a termination under this provision, the COUNTY is entitled to pursue any available legal remedies.

C.25 Improper Influence

CONTRACTOR shall make all reasonable efforts to ensure that no COUNTY officer or employee, whose position in the COUNTY enables him/her to influence any award of the Contract or any competing offer, shall have any direct or indirect financial interest resulting from the award of the Contract or shall have any relationship to the CONTRACTOR or officer or employee of the CONTRACTOR.

C.26 Informal Dispute Resolution

In the event the COUNTY determines that service is unsatisfactory, or in the event of any other dispute, claim, question or disagreement arising from or relating to this Contract or breach thereof, the parties hereto shall use their best efforts to settle the dispute, claim, question or disagreement. To this effect, they shall consult and negotiate with each other in good faith and, recognizing their mutual interests, attempt to reach a just and equitable solution satisfactory to both parties.

C.27 Inspections

C.27.1 The COUNTY and the State reserve the right to inspect any work performed hereunder to ensure that the work is being and has been performed in accordance with the applicable Federal, State and/or local requirements, and this Contract.

C.27.2 CONTRACTOR agrees to correct all work that is determined based on such inspections not to conform to the applicable requirements; and the COUNTY reserves the right to withhold payments to CONTRACTOR until it is corrected.

C.28 Iran Contracting Act

IRAN CONTRACTING ACT OF 2010, Public Contract Code Sections 2200 et seq. (Applicable for all contracts of one million dollars ($1,000,000) or more). In accordance with Public Contract Code Section 2204(a), the CONTRACTOR certifies that at the time the Contract is signed, the CONTRACTOR signing the Contract is not identified on a list created pursuant to subdivision (b) of Public Contract Code Section 2203 as a person (as defined in Public Contract Code Section 2202(e)) engaging in investment activities in Iran described in subdivision (a) of Public Contract Code Section 2202.5, or as a person described in subdivision (b) of Public Contract Code Section 2202.5, as applicable.

Contractors are cautioned that making a false certification may subject the CONTRACTOR to civil penalties, termination of existing Contract, and ineligibility to bid on a contract for a period of three (3) years in accordance with Public Contract Code Section 2205.

C.29 Legality and Severability

The parties' actions under the Contract shall comply with all applicable laws, rules, regulations, court orders and governmental agency orders. The provisions of this Contract are specifically made severable. If a provision of the Contract is terminated or held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall remain in full effect.

C.30 Licenses, Permits and/or Certifications

CONTRACTOR shall ensure that it has all necessary licenses, permits and/or certifications required by the laws of federal, state, county, and municipal laws, ordinances, rules and regulations. The CONTRACTOR shall maintain these licenses, permits and/or certifications in effect for the duration of this Contract. CONTRACTOR will notify the COUNTY immediately of loss or suspension of any such licenses, permits and/or certifications. Failure to maintain a required license, permit and/or certification may result in immediate termination of this Contract.

CONTRACTOR shall be responsible for obtaining any and all permits, licenses, and approvals required for performing any activities under this Contract, including those necessary to perform design, construction, or operation and maintenance of the activities. CONTRACTOR shall be responsible for observing and complying with any applicable federal, state, county, and local laws, rules or regulations affecting any such work, specifically those including, but not limited to, environmental protection, procurement, and safety laws, rules, regulations, and ordinances. CONTRACTOR shall provide copies of permits and approvals to the COUNTY and/or State upon request.

C.31 Material Misstatement/Misrepresentation

If during the course of the administration of this Contract, the COUNTY determines that CONTRACTOR has made a material misstatement or misrepresentation or that materially inaccurate information has been provided to the COUNTY, this Contract may be immediately terminated. If this Contract is terminated according to this provision, the COUNTY is entitled to pursue any available legal remedies.

C.32 Mutual Covenants

The parties to this Contract mutually covenant to perform all of their obligations hereunder, to exercise all discretion and rights granted hereunder, and to give all consents in a reasonable manner consistent with the standards of "good faith" and "fair dealing".

C.33 Nondisclosure

CONTRACTOR shall hold as confidential and use reasonable care to prevent unauthorized access by, storage, disclosure, publication, dissemination to and/or use by third parties of, confidential information that is either: (1) provided by the COUNTY to CONTRACTOR or an agent of CONTRACTOR or otherwise made available to CONTRACTOR or CONTRACTOR's agent in connection with this Contract; or, (2) acquired, obtained, or learned by CONTRACTOR or an agent of CONTRACTOR in the performance of this Contract. For purposes of this provision, confidential information means any data, files, software, information or materials in oral, electronic, tangible or intangible form and however stored, compiled or memorialize and includes, but is not limited to, technology infrastructure, architecture, financial data, trade secrets, equipment specifications, user lists, passwords, research data, and technology data.

C.34 Notice of Delays

Except as otherwise provided herein, when either party has knowledge that any actual or potential situation is delaying or threatens to delay the timely performance of this contract, that party shall, within twenty-four (24) hours, give notice thereof, including all relevant information with respect thereto, to the other party.

C.35 Ownership of Documents

All documents, data, products, graphics, computer programs and reports prepared by CONTRACTOR pursuant to the Contract shall be considered property of the COUNTY upon

payment for services (and products, if applicable). All such items shall be delivered to COUNTY at the completion of work under the Contract. Unless otherwise directed by COUNTY, CONTRACTOR may retain copies of such items.

C.36 Primary Point of Contact
CONTRACTOR will designate an individual to serve as the primary point of contact for the Contract. CONTRACTOR or designee must respond to COUNTY inquiries within two (2) business days. CONTRACTOR shall not change the primary contact without written acknowledgement to the COUNTY. CONTRACTOR will also designate a back-up point of contact in the event the primary contact is not available.

C.37 Recitals
The recitals set forth above are true and correct and incorporated herein by this reference.

C.38 Records and Retention
CONTRACTOR shall maintain all records and books pertaining to the delivery of services under this Contract and demonstrate accountability for Contract performance. All records shall be complete and current and comply with all Contract requirements. Failure to maintain acceptable records shall be considered grounds for withholding of payments for invoices submitted and/or termination of the Contract.

All records relating to the CONTRACTOR's personnel, consultants, subcontractors, Services/Scope of Work and expenses pertaining to this Contract shall be kept in a generally acceptable accounting format. Records should include primary source documents. Fiscal records shall be kept in accordance with Generally Accepted Accounting Principles and must account for all funds, tangible assets, revenue and expenditures. Fiscal records must comply with the appropriate Office of Management and Budget (OMB) Circulars, which state the administrative requirements, cost principles and other standards for accountancy.

CONTRACTOR shall retain all records described above for a minimum period of five (5) years after the termination of this Contract. If any litigation, claim, negotiation, audit, monitoring, inspection or other action has been commenced before the expiration of the required record retention period, all records must be retained until completion of the action and resolution of all issues which arise from it.

C.39 Relationship of the Parties
Nothing contained in this Contract shall be construed as creating a joint venture, partnership, or employment arrangement between the Parties hereto, nor shall either Party have the right, power or authority to create an obligation or duty, expressed or implied, on behalf of the other Party hereto.

C.40 Release of Information
No news releases, advertisements, public announcements or photographs arising out of the Contract or CONTRACTOR's relationship with the COUNTY may be made or used without prior written approval of the COUNTY.

C.41 Representation of the County
In the performance of this Contract, CONTRACTOR, its agents and employees, shall act in an independent capacity and not as officers, employees, or agents of the County of San Bernardino.

C.42 Strict Performance
Failure by a party to insist upon the strict performance of any of the provisions of this Contract by the other party, or the failure by a party to exercise its rights upon the default of the other party, shall not constitute a waiver of such party's right to insist and demand strict compliance by the other party with the terms of this Contract thereafter.

C.43 Subcontracting
CONTRACTOR shall obtain COUNTY's written consent, which COUNTY may withhold in its sole discretion, before entering into Contracts with or otherwise engaging any subcontractors who may supply any part of the Services to COUNTY. At COUNTY's request, CONTRACTOR shall provide information regarding the subcontractor's qualifications and a listing of a

subcontractor's key personnel including, if requested by the COUNTY, resumes of proposed subcontractor personnel. CONTRACTOR shall remain directly responsible to COUNTY for its subcontractors and shall indemnify COUNTY for the actions or omissions of its subcontractors under the terms and conditions specified in INDEMNIFICATION AND INSURANCE REQUIREMENTS Section. All approved subcontractors shall be subject to the provisions of this Contract applicable to CONTRACTOR Personnel.

C.43.1 For any Subcontractor, CONTRACTOR shall:

a. Be responsible for subcontractor compliance with the Contract and the subcontract terms and conditions; and

b. Ensure that the Subcontractor follows the COUNTY's reporting formats and procedures as specified by the COUNTY; and

c. Include in the subcontractor's subcontract substantially similar terms as are provided in CONTRACTOR RESPONSIBILITIES and GENERAL CONTRACT REQUIREMENTS Sections.

C.43.2 The COUNTY will not reimburse subcontractor directly for any services rendered.

C.43.3 Upon expiration or termination of this Contract for any reason, the COUNTY will have the right to enter into direct contracts with any of the Subcontractors. CONTRACTOR agrees that its arrangements with subcontractors will not prohibit or restrict such subcontractors from entering into direct contracts with the COUNTY.

C.44 Subpoena

In the event that a subpoena or other legal process commenced by a third party in any way concerning the Goods or Services provided under this Contract is served upon CONTRACTOR or COUNTY, such party agrees to notify the other party in the most expeditious fashion possible following receipt of such subpoena or other legal process. CONTRACTOR and COUNTY further agree to cooperate with the other party in any lawful effort by such other party to contest the legal validity of such subpoena or other legal process commenced by a third party as may be reasonably required and at the expense of the party to whom the legal process is directed, except as otherwise provided herein in connection with defense obligations by CONTRACTOR for COUNTY.

C.45 Termination for Convenience

The COUNTY and the CONTRACTOR each reserve the right to terminate the Contract, for any reason, with a thirty (30) day written notice of termination. Such termination may include all or part of the services described herein. Upon such termination, payment will be made to the CONTRACTOR for services rendered and expenses reasonably incurred prior to the effective date of termination. Upon receipt of termination notice CONTRACTOR shall promptly discontinue services unless the notice directs otherwise. CONTRACTOR shall deliver promptly to the COUNTY and transfer title (if necessary) all completed work, and work in progress, including drafts, documents, plans, forms, data, products, graphics, computer programs and reports.

Upon termination of this Contract, unless otherwise approved in writing by the COUNTY, any unexpended funds received by CONTRACTOR shall be returned to the COUNTY within thirty (30) days of the Notice of Termination.

C.46 Time of the Essence

Time is of the essence in performance of this Contract and of each of its provisions.

C.47 Venue

The parties acknowledge and agree that this Contract was entered into and intended to be performed in San Bernardino County, California. The parties agree that the venue of any action or claim brought by any party to this Contract will be the Superior Court of California, County of San Bernardino, San Bernardino District. Each party hereby waives any law or rule of the court, which would allow them to request or demand a change of venue. If any action or claim concerning this Contract is brought by any third party and filed in another venue, the parties hereto agree to use their best efforts to obtain a change of venue to the Superior Court of California, County of San Bernardino, San Bernardino District.

D. TERM OF CONTRACT

This Contract is effective as of April 30, 2019 and expires June 30, 2021, but may be terminated earlier in accordance with provisions of this Contract.

E. COUNTY RESPONSIBILITIES

E.1 OHS shall provide technical assistance to CONTRACTOR.

E.2 OHS shall participate in evaluating the progress of the overall program.

E.3 OHS shall monitor CONTRACTOR on a regular basis in regard to compliance with Contractual requirements.

F. FISCAL PROVISIONS

F.1 The maximum amount of payment under this Contract shall not exceed the total award/allocation amount referenced in Exhibit 1 – HEAP AWARD BY ACTIVITY. The consideration to be paid to CONTRACTOR, as provided herein, shall be in full payment for all CONTRACTOR's services and expenses incurred in the performance hereof, including travel and per diem.

F.2 Quarterly disbursements will be made to CONTRACTOR based upon satisfactory performance under the terms of the Contract.

F.3 CONTRACTOR shall submit expenditure reports on forms provided by OHS monthly in arrears for HEAP services performed under this Contract. All monthly expenditure reports submitted shall clearly reflect all required information specified regarding the services provided for which the claims are made. Expenditure reports shall be completed and forwarded to OHS within thirty (30) days after the close of the month in which services were rendered.

F.4 OHS will review supporting documentation and confirm satisfactory performance prior to processing quarterly disbursements. OHS may request additional supporting documentation and disallow portions of an expenditure report pending satisfactory documentation as determined by OHS. CONTRACTOR attests that by submitting an expenditure report to the COUNTY it has completed all due diligence necessary and verified eligibility of HEAP funding.

F.5 Should CONTRACTOR fail to meet performance requirements; including, but not limited to, failure to submit timely reports as contractually required, failure to correct issues, inappropriate expenditure reporting, timely and accurate HMIS data entry, and meeting performance outcomes expectations, the COUNTY may discontinue quarterly disbursements to CONTRACTOR and change to a cost reimbursement methodology.

If CONTRACTOR continues to fail to meet performance requirements, the COUNTY may, at its sole and absolute discretion, invoke Section I.2 CORRECTION OF PERFORMANCE DEFICIENCIES of the Contract.

F.6 CONTRACTOR shall accept all payments from the COUNTY via electronic funds transfer (EFT) directly deposited into the CONTRACTOR's designated checking or other bank account. CONTRACTOR shall promptly comply with directions and accurately complete forms provided by the COUNTY required to process EFT payments.

F.7 COUNTY is exempt from Federal excise taxes and no payment shall be made for any personal property taxes levied on CONTRACTOR or on any taxes levied on employee wages. The COUNTY shall only pay for any State or local sales or use taxes on the services rendered or equipment and/or parts supplied to the COUNTY pursuant to the Contract.

F.8 Funds made available under this Contract shall not supplant any Federal, State or any governmental funds intended for services of the same nature as this Contract. CONTRACTOR shall not claim reimbursement or payment from COUNTY for, or apply sums received from COUNTY with respect to that portion of its obligations that have been paid by another source of revenue. CONTRACTOR agrees that it will not use funds received pursuant to this Contract, either directly or indirectly, as a contribution or compensation for purposes of obtaining funds from another revenue source without prior written approval of the COUNTY.

F.9 CONTRACTOR shall adhere to the COUNTY's Travel Management Policy (8-02 and 08-02SP1) when travel is pursuant to this Contract and for which reimbursement is sought from the COUNTY. In addition, CONTRACTOR is encouraged to utilize local transportation services, including but not limited to, the Ontario International Airport.

G. INDEMNIFICATION AND INSURANCE REQUIREMENTS

G.1 Indemnification

The CONTRACTOR agrees to indemnify, defend (with counsel reasonably approved by COUNTY) and hold harmless the COUNTY and its authorized officers, employees, agents and volunteers from any and all claims, actions, losses, damages and/or liability arising out of this Contract from any cause whatsoever, including the acts, errors or omissions of any person and for any costs or expenses incurred by the COUNTY on account of any claim except where such indemnification is prohibited by law. This indemnification provision shall apply regardless of the existence or degree of fault of indemnities. The CONTRACTOR indemnification obligation applies to the COUNTY's "active" as well as "passive" negligence but does not apply to the COUNTY's "sole negligence" or "willful misconduct" within the meaning of Civil Code Section 2782.

G.2 Additional Insured

All policies, except for Worker's Compensation, Errors and Omissions and Professional Liability policies shall contain additional endorsements naming the COUNTY and its officers, employees, agents and volunteers as additional named insured with respect to liabilities arising out of the performance of services hereunder. The additional insured endorsements shall not limit the scope of coverage for the COUNTY to vicarious liability but shall allow coverage for the COUNTY to the full extent provided by the policy. Such additional insured coverage shall be at least as broad as Additional Insured (Form B) endorsement form ISO, CG 2010.11 85.

G.3 Waiver of Subrogation Rights

The CONTRACTOR shall require the carriers of required coverages to waive all rights of subrogation against the COUNTY, its officers, employees, agents, volunteers, contractors and subcontractors. All general or auto liability insurance coverage provided shall not prohibit the CONTRACTOR and CONTRACTOR's employees or agents from waiving the right of subrogation prior to a loss or claim. The CONTRACTOR hereby waives all rights of subrogation against the COUNTY.

G.4 Policies Primary and Non-Contributory

All policies required herein are to be primary and non-contributory with any insurance or self-insurance programs carried or administered by the COUNTY.

G.5 Severability of Interests

The CONTRACTOR agrees to ensure that coverage provided to meet these requirements is applicable separately to each insured and there will be no cross liability exclusions that preclude coverage for suits between the CONTRACTOR and the COUNTY or between the COUNTY and any other insured or additional insured under the policy.

G.6 Proof of Coverage

The CONTRACTOR shall furnish Certificates of Insurance to the COUNTY Department administering the Contract evidencing the insurance coverage at the time the Contract is executed, additional endorsements, as required shall be provided prior to the commencement of performance of services hereunder, which certificates shall provide that such insurance shall not be terminated or expire without thirty (30) days written notice to the Department, and CONTRACTOR shall maintain such insurance from the time CONTRACTOR commences performance of services hereunder until the completion of such services. Within fifteen (15) days of the commencement of this Contract, the CONTRACTOR shall furnish a copy of the Declaration page for all applicable policies and will provide complete certified copies of the policies and endorsements immediately upon request.

G.7 Acceptability of Insurance Carrier

Unless otherwise approved by Risk Management, insurance shall be written by insurers authorized to do business in the State of California and with a minimum "Best" Insurance Guide rating of "A- VII".

G.8 Deductibles and Self-Insured Retention

Any and all deductibles or self-insured retentions in excess of $10,000 shall be declared to and approved by Risk Management.

G.9 Failure to Procure Coverage

In the event that any policy of insurance required under this Contract does not comply with the requirements, is not procured, or is canceled and not replaced, the COUNTY has the right but not the obligation or duty to cancel the Contract or obtain insurance if it deems necessary and any premiums paid by the COUNTY will be promptly reimbursed by the CONTRACTOR or COUNTY payments to the CONTRACTOR will be reduced to pay for COUNTY purchased insurance.

G.10 Insurance Review

Insurance requirements are subject to periodic review by the COUNTY. The Director of Risk Management or designee is authorized, but not required, to reduce, waive or suspend any insurance requirements whenever Risk Management determines that any of the required insurance is not available, is unreasonably priced, or is not needed to protect the interests of the COUNTY. In addition, if the Department of Risk Management determines that heretofore unreasonably priced or unavailable types of insurance coverage or coverage limits become reasonably priced or available, the Director of Risk Management or designee is authorized, but not required, to change the above insurance requirements to require additional types of insurance coverage or higher coverage limits, provided that any such change is reasonable in light of past claims against the COUNTY, inflation, or any other item reasonably related to the COUNTY's risk.

Any change requiring additional types of insurance coverage or higher coverage limits must be made by amendment to this Contract. CONTRACTOR agrees to execute any such amendment within thirty (30) days of receipt.

Any failure, actual or alleged, on the part of the COUNTY to monitor or enforce compliance with any of the insurance and indemnification requirements will not be deemed as a waiver of any rights on the part of the COUNTY.

G.11 Insurance Specifications

The CONTRACTOR agrees to provide insurance set forth in accordance with the requirements herein. If the CONTRACTOR uses existing coverage to comply with these requirements and that coverage does not meet the specified requirements, the CONTRACTOR agrees to amend, supplement or endorse the existing coverage to do so.

Without in anyway affecting the indemnity herein provided and in addition thereto, the CONTRACTOR shall secure and maintain throughout the Contract term the following types of insurance with limits as shown:

G.11.1 Workers' Compensation/Employer's Liability – A program of Workers' Compensation insurance or a State-approved, self-insurance program in an amount and form to meet all applicable requirements of the Labor Code of the State of California, including Employer's Liability with $250,000 limits covering all persons including volunteers providing services on behalf of the CONTRACTOR and all risks to such persons under this Contract.

If CONTRACTOR has no employees, it may certify or warrant to the COUNTY that it does not currently have any employees or individuals who are defined as "employees" under the Labor Code and the requirement for Workers' Compensation coverage will be waived by the COUNTY's Director of Risk Management.

With respect to CONTRACTORs that are non-profit corporations organized under California or Federal law, volunteers for such entities are required to be covered by Workers' Compensation insurance.

G.11.2 Commercial/General Liability Insurance – The CONTRACTOR shall carry General Liability Insurance covering all operations performed by or on behalf of the CONTRACTOR providing coverage for bodily injury and property damage with a combined single limit of not less than one million dollars ($1,000,000), per occurrence. The policy coverage shall include:

a. Premises operations and mobile equipment.

b. Products and completed operations.

c. Broad form property damage (including completed operations).

d. Explosion, collapse and underground hazards.

e. Personal injury.

f. Contractual liability.

g. $2,000,000 general aggregate limit.

G.11.3 Automobile Liability Insurance – Primary insurance coverage shall be written on ISO Business Auto coverage form for all owned, hired and non-owned automobiles or symbol 1 (any auto). The policy shall have a combined single limit of not less than one million dollars ($1,000,000) for bodily injury and property damage, per occurrence.

If the CONTRACTOR is transporting one or more non-employee passengers in performance of Contract services, the automobile liability policy shall have a combined single limit of two million dollars ($2,000,000) for bodily injury and property damage per occurrence.

If the CONTRACTOR owns no autos, a non-owned auto endorsement to the General Liability policy described above is acceptable.

G.11.4 Umbrella Liability Insurance – An umbrella (over primary) or excess policy may be used to comply with limits or other primary coverage requirements. When used, the umbrella policy shall apply to bodily injury/property damage, personal injury/advertising injury and shall include a "dropdown" provision providing primary coverage for any liability not covered by the primary policy. The coverage shall also apply to automobile liability.

G.11.5 Professional Liability – Professional Liability Insurance with limits of not less than one million ($1,000,000) per claim and two million ($2,000,000) aggregate limits

or

Errors and Omissions Liability Insurance – Errors and Omissions Liability Insurance with limits of not less than one million ($1,000,000) and two million ($2,000,000) aggregate limits

or

Directors and Officers Insurance coverage with limits of not less than one million ($1,000,000) shall be required for Contracts with charter labor committees or other not-for-profit organizations advising or acting on behalf of the COUNTY.

If insurance coverage is provided on a "claims made" policy, the "retroactive date" shall be shown and must be before the date of the start of the Contract work. The claims made insurance shall be maintained or "tail" coverage provided for a minimum of five (5) years after Contract completion.

G.11.6 Abuse/Molestation Insurance – CONTRACTOR shall have abuse or molestation insurance providing coverage for all employees for the actual or threatened abuse or molestation by anyone of any person in the care, custody, or control of any insured, including negligent employment, investigation and supervision. The policy shall provide coverage for both defense and indemnity with liability limits of not less than one million dollars ($1,000,000) with a two million dollars ($2,000,000) aggregate limit.

H. RIGHT TO MONITOR AND AUDIT

H.1 The County, State and federal government shall have absolute right to review and audit all records, books, papers, documents, corporate minutes, and other pertinent items as requested, and shall have absolute right to monitor the performance of CONTRACTOR in the delivery of services provided under this Contract. CONTRACTOR shall give full cooperation, in any auditing or monitoring conducted. CONTRACTOR shall cooperate with the COUNTY in the implementation, monitoring, and evaluation of this Contract and comply with any and all reporting requirements established by the COUNTY.

H.2 The COUNTY or the State reserves the right to perform or cause to be performed a financial audit. At the request of the COUNTY or the State, CONTRACTOR shall provide, at its own expense, a financial audit prepared by a certified public accountant. If there are audit findings, CONTRACTOR must submit a detailed response acceptable to the COUNTY and/or the State for each audit finding within forty-five (45) days from the date of the audit finding report.

H.3 If audit findings reveal ineligible/disallowed expenditures, CONTRACTOR will be required to repay disbursed funds to the COUNTY.

H.4 All records pertaining to services delivered and all fiscal, statistical and management books and records shall be available for examination and audit by COUNTY representatives for a minimum period of five (5) years after termination of this Contract or until all pending COUNTY, State and federal audits are completed, whichever is later.

I. CORRECTION OF PERFORMANCE DEFICIENCIES

I.1 Failure by CONTRACTOR to comply with any of the provisions, covenants, requirements or conditions of this Contract shall be a material breach of this Contract. The following shall each constitute a breach of this Contract:

I.1.1 CONTRACTOR's failure to comply with the terms and conditions of this Contract;

I.1.2 Use of, or permitting the use of, HEAP funds provided under this Contract for any ineligible activities; or

I.1.3 Any failure to comply with the deadlines set forth in this Contract.

I.2 In the event of a non-cured breach, the COUNTY may, at its sole discretion and in addition to any other remedies available at law, in equity, or otherwise specified in this Contract:

I.2.1 Afford CONTRACTOR thereafter a time period within which to cure the breach, which period shall be established at the sole discretion of the COUNTY.

I.2.2 Notwithstanding any other provision of this Contract, the COUNTY may withhold payments to CONTRACTOR, if CONTRACTOR has been given notice of any deficiency(ies) and has failed to correct such deficiency(ies). Such deficiency(ies) may include, but are not limited to: failure to provide services described in this Contract; federal, state, and county audit exceptions resulting from noncompliance; violations of pertinent federal and state laws and regulations; and significant performance problems as determined by the COUNTY or State from monitoring visits.

I.2.3 The COUNTY has the sole and absolute discretion to revoke full or partial provisions of the Contract, delegated activities or obligations, or application of other remedies permitted by State or Federal law when the COUNTY or State determines CONTRACTOR has not performed satisfactorily.

I.2.4 Terminate this Contract immediately and be relieved of the payment of any consideration to CONTRACTOR. In the event of such termination, the COUNTY may proceed with the work in any manner deemed proper by the COUNTY. The cost to the COUNTY shall be deducted from any sum due or disbursed to the CONTRACTOR under this Contract and the balance, if any, shall be paid by the CONTRACTOR upon demand.

I.3 In addition to any other remedies that may be available to the COUNTY in law or equity for breach of this Contract, the COUNTY may:

I.3.1 Bar the CONTRACTOR from applying for future HEAP funds;

I.3.2 Revoke any other existing HEAP award(s) to the CONTRACTOR;

I.3.3 Require the return of any unexpended HEAP funds disbursed under this Contract;

I.3.4 Require repayment of HEAP funds expended under this Agreement; and

I.3.5 Seek such other remedies as may be available under this Contract or any law.

I.4 All remedies available to the COUNTY are cumulative and not exclusive.

J. NOTICES

All written notices provided for in this Contract or which either party desires to give to the other shall be deemed fully given, when made in writing and either served personally, or by facsimile, or deposited in the United States mail, postage prepaid, and addressed to the other party as follows:

County of San Bernardino
Office of Homeless Services
Attn: Tom Hernandez, Chief of Homeless Services
303 East Vanderbilt Way
San Bernardino, CA 92415-0026

St. Mary Medical Center
Attn: Rosa Ramirez
18300 Highway 18
Apple Valley, CA 92307

Notice shall be deemed communicated two (2) COUNTY working days from the time of mailing if mailed as provided in this paragraph.

K. ENTIRE AGREEMENT

This Contract, including all Exhibits and other attachments, which are attached hereto and incorporated by reference, and other documents incorporated herein, represents the final, complete and exclusive agreement between the parties hereto. Any prior agreement, promises, negotiations or representations relating to the subject matter of this Contract not expressly set forth herein are of no force or effect. This Contract is executed without reliance upon any promise, warranty or representation by any party or any representative of any party other than those expressly contained herein. Each party has carefully read this Contract and signs the same of its own free will.

IN WITNESS WHEREOF, the County of San Bernardino and the CONTRACTOR have each caused this Contract to be subscribed by its respective duly authorized officers, on its behalf.

COUNTY OF SAN BERNARDINO

▶ _____

Curt Hagman, Chairman, Board of Supervisors

Dated: APR 30 2019

SIGNED AND CERTIFIED THAT A COPY OF THIS DOCUMENT HAS BEEN DELIVERED TO THE CHAIRMAN OF THE BOARD

Laura H. Welch
Clerk of the Board of Supervisors
of the County of San Bernardino

By _____
Deputy

ST. MARY MEDICAL CENTER

(Print or type name of corporation, company, contractor, etc.)

By _____

(Authorized signature - sign in blue ink)

Name Marilyn Drone

(Print or type name of person signing contract)

Title Interim CE

(Print or Type)

Dated: 4/22/19

Address 18300 Hwy 18
Apple Valley Ca 92307

FOR COUNTY USE ONLY

Approved as to Legal Form	Reviewed for Contract Compliance	Reviewed/Approved by Department
▶ _____	▶	▶ _____
Carol A. Greene, Supervising Deputy County Counsel		Dena Fuentes, Deputy Executive Officer
Date 4/12/19	Date	Date 4/22/19

St. Mary Medical Center HEAP Award by Activity April 30, 2019 through June 30, 2021				
Category	**Activity**	**Award/allocation**	**Service Unit**	**Number Expected to be Served**
Services	Street Outreach			
	Health & Safety Education			
	Criminal Outreach Diversion Programs			
	Prevention Services	$ 4,992.00		
	Navigation Services	$ 4,992.00		
	Case Management			
	Operating Support for Short-Term or Comprehensive Homeless Services			
	Other - Transporation	$ 1,200.00	Individuals	8
	Other - Clothing/Basic Care Supplies	$ 1,680.00	Individuals	48
	Other - Meals	$ 766.00	Meals	51
Rental Assistance or Subsidies	Housing Vouchers	$ 126,720.00	Individuals	96
	Rapid Re-Housing Programs			
	Eviction Prevention Strategies			
	Other			
Capital Improvements	Emergency Shelter			
	Transitional Housing			
	Drop-in Centers			
	Permanent Supportive Housing			
	Other			
Homeless Youth Set-Aside				
		$ 140,350.00		

SCOPE OF WORK

HEAP HOSPITAL HOMELESS ASSISTANCE PROGRAM

Scope of Work:
St. Mary Medical Center (St. Mary) will provide HEAP Hospital Homeless Assistance Program (Project) services to an estimated 320 homeless post hospital discharge patients, primarily in the High Desert Region of San Bernardino County, through its hospital discharge process over the Contract period. St. Mary will safely and immediately place homeless post hospital discharge patients in low-barrier community-based housing upon discharge from the hospital, will work in tandem with community partners to address each individual's holistic care needs, and will place some of these individuals in skilled nursing facilities, hospice or other setting where ongoing clinical/medical care is needed by the individual. An estimated 30% will be placed in community settings for an average of 30 days to complete their recovery and thus lower the barriers to use of Continuum of Care (CoC) housing provider networks. These 30% will be the primary focus of the Project.

St. Mary will not use Project funds to pay for hospital-based case management services, but these services are integral to this innovative approach to reducing homelessness with the hospital as the point of connection and entry to CoC services in the community.

The Project's overall goal is to increase the number of homeless post hospital discharge patients who are connected to CoC Housing and support service providers that will help these individuals achieve permanent housing. The Project will work in tandem with community partners to address each individual's holistic care needs. The specific *person-based* services that will be provided by the Project are:

- 96 immediate Housing Placements for Project participants in safe and low- barrier community-based housing.
- 8 Transportation services for Project participants from the hospital to a housing venue. St. Mary will provide an additional 50 homeless post hospital discharge patients Transportation services in-kind totaling 58 served.
- 48 Project participants to receive clothing/ basic care supplies
- 51 meals for Project participants. An additional 393 meals will be provided through housing partners totaling 444 meals for homeless hospital post discharge patients.
- Client Care Coordination Services for preventing homelessness through collaboration with housing network of providers.

Case Management: Project Case Managers will assess each Project participant's needs once a physician has declared that the individual is medically stable for discharge. Each participant will meet with a Case Manager/Social Worker who assesses that participant's needs from a holistic approach including psycho social needs, health needs, and social determinants of health and well-being that may impact the patient's recovery. Case Managers will prepare a Homeless Discharge Plan developed with the unique and holistic needs of each participant. These include referrals to CoC Housing providers, assistance with obtaining health care outside of the hospital, and resources for specific needs such as mental health and substance abuse among others.

Housing Placement: St. Mary will directly transfer homeless post hospital discharge patients in immediate need of housing to available and appropriate housing providers in the community aligned with California's Housing First policy. Although these individuals are being discharged from the hospital, their healing and recovery continue beyond their hospital stay. Housing agreements with local facilities that provide room and board and/or residential care will permit a 30-day stay post-discharge, as appropriate. Once stabilized, and with the assistance of community partners who provide wrap-around services, these individuals may access available rooms across jurisdictions. One program that will aid in this is the 2-1-1's "Pathways Home" point of entry system in partnership with housing agencies through the Inland Empire.

Housing Navigator/Community Health Worker: The Project will employ a Housing Navigator/Community Health Worker to assist participants in accessing services outlined in the Homeless Patient Discharge Plan, linking them to services that will lead to permanent housing support. Also, this staff person will assist in documenting the hospital's interventions to assist homeless individuals and tracking their outcomes post discharge thus preparing the hospital for the initiation of SB 1153 legislation. This legislation requires hospitals to work more effectively with community partners to serve homeless persons at discharge. The Housing Navigator/Community Health Worker will conduct visits at the short stay venues. This service is an innovative way to monitor care for discharged homeless individuals and continue to advocate on their behalf once they are outside of the hospital.

Transportation: The Project will provide transportation for Project participants to a safe and comfortable place in the community. Transportation will be based on the individual's needs. For example, those individuals who utilize a wheelchair or have limited mobility may require a lift van or medical transport. Those who are more ambulatory may only require taxi or Lyft/Uber services.

Provision of Clothing/Basic Care Supplies Upon Discharge: The Project will ensure that Project participants, upon discharge, have access to at least two changes of clothing including needed undergarments, outer wear, socks, and shoes if needed. They will also be provided with a basic set of toiletries including shampoo, soap, wipes, toothpaste/toothbrush. Additional clothing needs will be met in partnership with housing providers.

Measurable Outcomes:
The overall goal is to increase the number of homeless post hospital discharge patients who are connected to CoC Housing and support service providers that will help Project participants and other homeless discharge patients achieve permanent housing. This results-oriented approach will be measured using the following key indicators:

- The number of homeless patients who are discharged from the hospital with a homeless discharge plan
- The number of homeless patients discharged from the hospital who receive immediate housing
- The number of homeless post discharge patients who are linked to wrap around services and support towards permanent housing
- The total number of night-stays provided through HEAP program funds (instances of service)
- Successful engagement and participation with the homeless management information system as appropriate as a health institution

HEAP REPORTING REQUIREMENTS

A. Detailed reports containing, at minimum, the following information:

1. Amount awarded to Contractor with activity(ies) identified;
2. Contract expenditures;
3. Unduplicated number of homeless persons and households served by HEAP funds;
4. Unduplicated number of persons and households at imminent risk of homelessness served by HEAP funds;
5. Number of instances of service;
6. Increases in capacity for new and existing programs;
7. Number of unsheltered homeless persons and homeless households becoming sheltered; and
8. Number of homeless persons and homeless households entering permanent housing.
9. Number of homeless persons and households successfully exited from HEAP (i.e., in permanent housing) that remain in permanent housing 12 months post-exit from HEAP.
10. Number of persons and households at imminent risk of homelessness successfully exited from HEAP (i.e., in permanent housing) that remain in permanent housing 12 months post-exit from HEAP.

B. Breakdowns will be expected for each activity (i.e. services, capital improvements, rental assistance, etc.) and program type (i.e. emergency shelter, rapid re-housing, outreach, etc.) for the supplemental reporting requirements listed above, when applicable. The same information will also be requested specifically for the following subpopulations, based on priorities defined by the U.S. Department of Housing and Urban Development:

1. Chronically homeless
2. Homeless veterans
3. Unaccompanied homeless youth
4. Homeless persons in families with children

C. Counts by subpopulation will not be required in cases where that information is unavailable, but is expected in cases where client information is entered in the Homeless Management Information System (HMIS).

HMIS CLIENT DATA REPORT (SAMPLE)

Clients Entering Programs
6/1/2018 to 6/30/2018

ClientTrack™

Report Criteria:

Organizations: [redacted]

Programs: [redacted]

Head of Household Only

[redacted]	Enrolled	Exited	Total	Clients
[redacted]	2	0	2	2

Name	SSN Last 4	Race	Gender	Age	Enroll Date	Exit Date	Days	Enrollment Length
[redacted]	XXX-XX-[redacted]	Black or African American	Female	21	6/5/2018	7/1/2018	26	26
[redacted]	XXX-XX-[redacted]	White	Female	37	6/10/2018	8/28/2018	21	21
Program Total	2 still enrolled		0 exited		2 total		2 clients	
Organization Total			2	0	2	2		
Total			2	0	2	2		

HMIS Data Quality Report Card

Sample Reporting Period 10/1/2017 to 5/31/2018

PROGRAM INFORMATION

Agency Name:

Data Quality and Completeness

Complete and accurate records are required to ensure data quality. Required Data that is missing, incomplete or not collected has a negative impact on the quality of data. The higher a programs' percentage of missing or erroneous data, the less useful the data becomes.

Total Clients Served: 250

Client Demographic Data

Data Element	Client Doesn't Know / Refused	Information Missing	Data Issues	% of Error Rate
Name (3.1)	0	0	0	0.00%
Social Security Number (3.2)	17	2	4	9.20%
Date of Birth (3.3)	0	0	1	0.40%
Race (3.4)	3	0		1.20%
Ethnicity (3.5)	2	0		0.80%
Gender (3.6)	0	0		0.00%

Universal Data

Data Element	Error Count	% of Error Rate
Veteran Status (3.7)	2	0.80%
Project Entry Date (3.10)	6	2.40%
Relationship to Head of Household (3.15)	2	0.80%
Client Location (3.16)	2	1.24%
Disabling Condition (3.8)	11	4.40%

Income and Housing Data

Data Element	Error Count	% of Error Rate
Destination (3.12)	0	0.00%
Income and Sources (4.2) at Start	0	0.00%
Income and Sources (4.2) at Annual Assessment	0	0.00%
Income and Sources (4.2) at Exit	0	0.00%

Fields with values over 5% errors. Fields with values 5% or less. Fields with no errors.

Error rate includes data not collected, missing information, client doesn't know and client refused options. A program should have less than a 5% error rate in order to ensure accurate data. Missing intake and exit data needs to be reviewed by staff on a regular basis. Any additional Data received from the client after enrollment, should be entered into the Homeless Management Information System (HMIS) within a timely manner.

HUD Policy: A 95% standard of completeness rate for all funded homeless projects should be established and expected. Programs should work toward ensuring that 95% of all required data elements for each client served are collected and entered correctly into the HMIS.

HMIS Data Quality Report Card

Sample Reporting Period 10/1/2017 to 5/31/2018

PROGRAM INFORMATION

Agency Name:

Data Timeliness

Type	0 days	1-3 days	4-6 days	7-10 days	Over 10 days	Average
Entry Timeliness	22	18	5	0	47	52.89
Exit Timeliness	0	0	0	0	4	71.5

This report calculates the difference between the program entry date specified for the client and the date the client's application was entered into the system. For example, if a client's Program Entry date of "April 4, 2016" was recorded on "April 9, 2016," then the report would calculate a 5 day lag time in recording data. The report groups the number of applications by program and has 5 buckets for the number of days an application has been lagging.

HUD Policy: Data entry should be current within 5 business days of intake, exit, and service provision.

HMIS Users

Below is a list of all HMIS Users currently active within your agency. If any user on this list has left your agency during the last reporting period, then please email the HMIS helpdesk. Users are considered inactive if they have not logged into the system for 30 days or left the agency. If a user is inactive, or if you have additional staff needing HMIS access or training, please contact HMIS.

Agency	Name	Email

State of California
WELFARE AND INSTITUTIONS CODE
Section 8255

8255. For purposes of this chapter:

(a) "Coordinating council" means the Homeless Coordinating and Financing Council established pursuant to Section 8257.

(b) "Core components of Housing First" means all of the following:

(1) Tenant screening and selection practices that promote accepting applicants regardless of their sobriety or use of substances, completion of treatment, or participation in services.

(2) Applicants are not rejected on the basis of poor credit or financial history, poor or lack of rental history, criminal convictions unrelated to tenancy, or behaviors that indicate a lack of "housing readiness."

(3) Acceptance of referrals directly from shelters, street outreach, drop-in centers, and other parts of crisis response systems frequented by vulnerable people experiencing homelessness.

(4) Supportive services that emphasize engagement and problem solving over therapeutic goals and service plans that are highly tenant-driven without predetermined goals.

(5) Participation in services or program compliance is not a condition of permanent housing tenancy.

(6) Tenants have a lease and all the rights and responsibilities of tenancy, as outlined in California's Civil, Health and Safety, and Government codes.

(7) The use of alcohol or drugs in and of itself, without other lease violations, is not a reason for eviction.

(8) In communities with coordinated assessment and entry systems, incentives for funding promote tenant selection plans for supportive housing that prioritize eligible tenants based on criteria other than "first-come-first-serve," including, but not limited to, the duration or chronicity of homelessness, vulnerability to early mortality, or high utilization of crisis services. Prioritization may include triage tools, developed through local data, to identify high-cost, high-need homeless residents.

(9) Case managers and service coordinators who are trained in and actively employ evidence-based practices for client engagement, including, but not limited to, motivational interviewing and client-centered counseling.

(10) Services are informed by a harm-reduction philosophy that recognizes drug and alcohol use and addiction as a part of tenants' lives, where tenants are engaged in nonjudgmental communication regarding drug and alcohol use, and where tenants are offered education regarding how to avoid risky behaviors and engage in safer practices, as well as connected to evidence-based treatment if the tenant so chooses.

(11) The project and specific apartment may include special physical features that accommodate disabilities, reduce harm, and promote health and community and independence among tenants.

(c) "Homeless" has the same definition as that term is defined in Section 91.5 of Title 24 of the Code of Federal Regulations.

(d) (1) "Housing First" means the evidence-based model that uses housing as a tool, rather than a reward, for recovery and that centers on providing or connecting homeless people to permanent housing as quickly as possible. Housing First providers offer services as needed and requested on a voluntary basis and that do not make housing contingent on participation in services.

(2) (A) "Housing First" includes time-limited rental or services assistance, so long as the housing and service provider assists the recipient in accessing permanent housing and in securing longer-term rental assistance, income assistance, or employment.

(B) For time-limited, supportive services programs serving homeless youth, programs should use a positive youth development model and be culturally competent to serve unaccompanied youth under 25

years of age. Providers should work with the youth to engage in family reunification efforts, where appropriate and when in the best interest of the youth. In the event of an eviction, programs shall make every effort, which shall be documented, to link tenants to other stable, safe, decent housing options. Exit to homelessness should be extremely rare, and only after a tenant refuses assistance with housing search, location, and move-in assistance.

(e) "State programs" means any programs a California state agency or department funds, implements, or administers for the purpose of providing housing or housing-based services to people experiencing homelessness or at risk of homelessness, with the exception of federally funded programs with requirements inconsistent with this chapter or programs that fund emergency shelters.

(Added by Stats. 2016, Ch. 847, Sec. 2. (SB 1380) Effective January 1, 2017.)

REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS OF SAN BERNARDINO COUNTY, CALIFORNIA AND RECORD OF ACTION

April 30, 2019

FROM: **DENA FUENTES, Deputy Executive Officer**
Community Development and Housing Agency

SUBJECT: **CONTRACTS FOR THE HOMELESS EMERGENCY AID PROGRAM**

RECOMMENDATION(S)

1. Approve contracts with the following entities for the provision of services under the State of California Homeless Emergency Aid Program in a combined amount not to exceed $6,618,146.30, for the period of April 30, 2019 through June 30, 2021:
   a. Catholic Charities San Bernardino & Riverside Counties, in the amount $362,000.00. **Agreement No. 19-258**
   b. City of Barstow, in the amount of $376,580.00. **Agreement No. 19-259**
   c. City of Rialto, in the amount of $600,759.00. **Agreement No. 19-260**
   d. Family Assistance Program, in the amount of $525,600.00. **Agreement No. 19-261**
   e. High Desert Homeless Services, Inc., in the amount $150,343.30. **Agreement No. 19-262**
   f. Inland Valley Council of Churches, dba Inland Valley Hope Partners, in the amount of $307,170.00. **Agreement No. 19-263**
   g. Knowledge, Education for Your Success, Inc., in the amount $320,000.00. **Agreement No. 19-264**
   h. Mental Health Systems, Inc., in the amount $520,160.00. **Agreement No. 19-265**
   i. Mercy House Living Centers, in the amount of $457,184.00. **Agreement No. 19-266**
   j. Morongo Unified School District, in the amount $195,000.00. **Agreement No. 19-267**
   k. St. Mary Medical Center, in the amount of $140,350.00. **Agreement No. 19-268**
   l. Step Up on Second, Inc., in the amount $720,000.00. **Agreement No. 19-269**
   m. The Chance Project, in the amount $1,400,000.00. **Agreement No. 19-270**
   n. Victor Valley Family Resource Center, in the amount $150,000.00. **Agreement No. 19-271**
   o. Water of Life Community Church, in the amount $393,000.00. **Agreement No. 19-272**
2. Authorize the Deputy Executive Officer of the Community Development and Housing Agency and/or the Chief of Homeless Services to approve any subsequent non-substantive changes; such as, line item budget adjustments, changes in the work being performed, or name change of an organization, on behalf of the County, subject to County Counsel review.
3. Direct the Deputy Executive Officer of the Community Development and Housing Agency and/or the Chief of Homeless Services to transmit all documents in relation to the contract changes to the Clerk of the Board of Supervisors within 30 days of execution.

Public Comment: None

cc: CDH-Hernandez w/ agrees
Contractor c/o CDH w/ agree
CDH-Fuentes
EDA
HS-Thomas
Purchasing-Gomez
CAO-Gonzalez
File - w/ agree
jll 05/07/19

ITEM 88

Record of Action of the Board of Supervisors

APPROVED
COUNTY OF SAN BERNARDINO
Board of Supervisors

MOTION	AYE	SECOND	AYE	AYE	MOVE
	1	2	3	4	5

LAURA H. WELCH, CLERK OF THE BOARD

BY Jennifer Luna

DATED: April 30, 2019

Rev 7-12-16

(Presenter: Dena Fuentes, Deputy Executive Officer, 387-4411)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS AND OBJECTIVES
Provide for the Safety, Health and Social Service Needs of County Residents.
Pursue County Goals and Objectives by Working with Other Agencies.

FINANCIAL IMPACT
This item does not impact Discretionary General Funding (Net County Cost). The total amount of these contracts $6,618,146.30 will be funded by the State of California Homeless Emergency Aid Program (HEAP) block grant funding and does not require a match. Adequate appropriation and revenue have been included in the Community Development and Housing Agency's (CDHA) 2018-19 budget and will be included in 2019-20 and 2020-21 recommended budgets.

BACKGROUND INFORMATION
HEAP is a one-time $500 million block grant program authorized under Senate Bill 850 to provide direct assistance to cities and counties to address the homelessness crisis throughout California. With HEAP funding, the recommended entities will be able to expand rental assistance and rapid rehousing programs, street outreach and housing navigation, family reunification programs, prevention and eviction prevention programs, emergency and transitional housing solutions, diversion programs, homeless youth programs, and other supportive services. The recommendation is to allocate $6,618,146.30 of HEAP grant funds to 15 entities to provide services to an estimated 3,400 homeless individuals and families at imminent risk of homelessness throughout San Bernardino County.

The San Bernardino County Continuum of Care (SBC CoC), the eligible applicant for HEAP funding, designated the CDHA, Office of Homeless Services (CDHA-OHS) as the Administrative Entity (AE) to act on behalf of the SBC CoC. On December 18, 2018 (Item No. 25), CDHA-OHS received Board of Supervisors (Board) approval to submit the grant application for HEAP funding. On January 29, 2019 (Item No. 13), the Board accepted the grant award (State Agreement No. 18-HEAP-00042) in the amount of $9,389,654.30 from the State of California Business, Consumer Services and Housing Agency (State). The State allocated $8,920,171.59 to programs and projects and $469,482.71 for administrative costs, which the County AE will retain to undertake the administration of the HEAP grant.

HEAP funds will benefit San Bernardino County individuals and families who are homeless or at imminent risk of homelessness and will expand the SBC CoC's efforts to reduce homelessness countywide. HEAP will provide one-time funding for 22 entities for 25 projects, which includes seven cities and unincorporated areas of the County. At the direction of the San Bernardino County Interagency Council on Homelessness (ICH), the following five categories of funding were recommended to HEAP recipients:

- Services ($6,364,831.30): to support homeless prevention and diversion programs, general homeless services, homeless outreach, reentry services, emergency shelter

response, utility assistance, moving assistance, transportation services, document readiness, eviction services, and housing search and stability.

- Rental Assistance Subsidies ($1,296,580.00): to increase rental assistance programs for homeless individuals and families and those at-risk of homelessness, and temporary crisis and bridge housing, security deposits, landlord incentives, and mitigation services.
- Capital Improvements ($213,000.29): to provide capital support for shelter acquisition.
- Homeless Youth Set-Aside ($1,045,760.00): to invest in services for homeless youth or youth at-risk of becoming homeless.
- Grant Administration ($469,482.71).

All HEAP grant funding must be expended by June 30, 2021. Any funds not expended by that date shall be returned to the State. Due to the number of contracts involved and the time-limited period to expend the HEAP funds, CDHA-OHS is requesting delegation of authority to approve any subsequent non-substantive changes to the contracts. This will allow CDHA-OHS to give immediate approval, subject to County Counsel review, to the contracted entities' requests for line item budget adjustments that do not affect the total contract amount or changes in the work being performed. This will enable the entities to expend HEAP funding in an efficient and expedient manner. CDHA-OHS is also requesting delegation of authority to approve administrative changes to the contracts; such as a name change of an organization, subject to County Counsel review.

PROCUREMENT

On October 2, 2018, CDHA-OHS in conjunction with the Department of Behavioral Health (DBH), released a Request for Applications (RFA) to solicit interested and qualified applicants to provide immediate emergency assistance to people experiencing homelessness as part of the collaborative application for State HEAP funding, for the period of February 2019 through June 30, 2021. Notice of the RFA was sent to an email distribution list of over 680 entities that included ICH active members, the Homeless Provider Network active members, city managers for every city within San Bernardino County, and subscribed partnership providers.

A total of 50 entities attended the application workshop held on October 9, 2018. CDHA-OHS received a total of 43 applications that proposed 73 projects in response to the RFA. DBH did an initial review of the applications and/or projects and 62 of the 73 proposed projects met the minimum qualifications. The applications and/or projects that did not meet the minimum qualifications due to one or more of the following reasons: did not conform to submission requirements, missing detailed budgets, missing HEAP applications and/or attachments.

A Grant Review Committee (GRC) was formed from ICH members to further evaluate the projects based on criteria referenced in the RFA, including, but not limited to: how the proposed homeless project/activity is directly related to providing immediate emergency assistance to people experiencing homelessness or at imminent risk of homelessness, project focus, experience and capacity, budget detail, collaboration, project readiness to immediately perform and administer homeless efforts, and measurable outcomes. The GRC held two public meetings on November 8, 2018 and November 9, 2018. All entities were notified of the public meetings

held on November 8, 2018 and November 9, 2018, and their attendance at each meeting was requested. The GRC presented their scores for each project. Each project was evaluated by the GRC using a HEAP scoring guideline and rubric that focused on the criteria referenced in the RFA. The overall scoring for each project, the projects that were not evaluated and the reason, and the GRC's recommendations for project funding was announced at the meetings. It was also announced that all GRC's recommendations could be appealed at the ICH meeting.

Based on the GRC's recommendations, ICH held two public meetings on November 28, 2018 and December 12, 2018, to further evaluate each recommended project to determine final awards. All entities were notified of the ICH meeting held on November 28, 2018, and their attendance was requested. The notification indicated that applicants whose HEAP applications were rejected by the GRC could appeal the decision at the ICH meeting. The following agencies presented their appeals and the ICH denied the appeals for San Bernardino Valley College, Community Action Partnership of San Bernardino County, and Citadel Community Development Corporation and did not consider their projects.

Entities not recommended for funding were also given the opportunity to appeal the GRC's decision at the ICH meetings on November 28, 2018 and December 12, 2018. The City of Upland, the County Sheriff's Department, and the ADAP House of Hope presented their appeals. The appeals were approved and their projects were considered for funding. All other projects not recommended for funding or not recommended for full funding, the reasons included: projects did not meet immediate need to help the homeless population, projects had other leveraging available, projects were within a city that did not declare a shelter crisis per HEAP regulations, and/or projects had high overhead, staffing, or service costs.

The following is a list of all the entities that applied for funding and the entities that are recommended for award:

Entity/Location	Proposed Region(s) to be served	Total Proposed Amount	Region(s) to be served	Recommended Award Amount
Recommended for Award				
Catholic Charities San Bernardino & Riverside Counties San Bernardino, CA	West Valley, Central Valley, East Valley, and High Desert	$668,084.00	West Valley, Central Valley, East Valley, and High Desert	$362,000.00
City of Barstow Barstow, CA	High Desert	$4,965,080.00	High Desert	$376,580.00
*City of Colton Colton, CA	Central Valley	$611,189.00	Central Valley	$400,000.00
*City of Montclair Montclair, CA	West Valley	$727,019.00	West Valley	$234,000.00
*City of Redlands	Central Valley	$1,155,953.00	Central Valley	$600,000.00

Entity/Location	Proposed Region(s) to be served	Total Proposed Amount	Region(s) to be served	Recommended Award Amount
Redlands, CA				
City of Rialto Rialto, CA	Central Valley	$1,248,804.00	Central Valley	$600,759.00
*City of Upland Upland, CA	West Valley	$939,625.00	West Valley	$127,825.00
Family Assistance Program Victorville, CA	Countywide	$771,128.00	Countywide	$525,600.00
High Desert Homeless Services, Inc. Victorville, CA	High Desert	$105,480.00	Countywide	$150,343.30
Inland Valley Council of Churches, dba Inland Valley Hope Partners Pomona, CA	West Valley	$307,170.00	West Valley	$307,170.00
Knowledge, Education for Your Success, Inc. San Bernardino, CA	Countywide	$1,200,000.00	Countywide	$320,000.00
Mental Health Systems, Inc. San Diego, CA	West Valley, Central Valley, and East Valley	$1,238,931.00	West Valley, Central Valley, and East Valley	$520,160.00
Mercy House Living Centers Santa Ana, CA	West Valley	$737,128.00	West Valley	$457,184.00
*Morongo Basin ARCH Twentynine Palms, CA	East Desert	$398,400.00	East Desert	$213,000.29
Morongo Unified School District Twentynine Palms, CA	East Desert	$260,000.00	East Desert	$195,000.00
*San Bernardino County San Bernardino, CA	Countywide	$10,759,259.00	Countywide	$200,000.00
Step Up on Second, Inc. Santa Monica, CA	Countywide	$2,326,505.00	Countywide	$720,000.00
St. Mary Medical Center Apple Valley, CA	High Desert	$250,368.00	High Desert	$140,350.00
The Chance Project Redlands, CA	Countywide	$1,400,000.00	Countywide	$1,400,000.00

Entity/Location	Proposed Region(s) to be served	Total Proposed Amount	Region(s) to be served	Recommended Award Amount
*The Salvation Army Long Beach, CA	Countywide	$2,800,864.00	Countywide	$527,200.00
Victor Valley Family Resource Center Hesperia, CA	High Desert	$757,600.00	Countywide	$150,000.00
Water of Life Community Church Fontana, CA	Central Valley	$573,904.00	Central Valley	$393,000.00
Subtotal		$34,202,491		$8,920,171.59
Not Recommended for Award				
ADAP House of Hope Fontana, CA	Central Valley	$290,002.00		
Avector Community Inc. Rancho Cucamonga, CA	Countywide	$5,296,610.00		
Cathedral Of Praise International Ministries San Bernardino, CA	Countywide	$951,160.00		
Citadel Community Development Corporation San Bernardino, CA	Central Valley, East Valley, and High Desert	$2,633,728.00		
Community Action Partnership of San Bernardino County San Bernardino, CA	Countywide	$975,000.00		
Desert Manna Barstow, CA	High Desert	$775,928.00		
Housing Authority of the County of San Bernardino San Bernardino, CA	Countywide	$200,000.00		
Housing Partners One, Inc. San Bernardino, CA	Countywide	$2,222,250.00		
Inland Empire United Way Rancho Cucamonga, CA	Countywide	$242,009.00		
Kids and Family	Central Valley	$1,056,000.00		

Entity/Location	Proposed Region(s) to be served	Total Proposed Amount	Region(s) to be served	Recommended Award Amount
Foundation Riverside, CA	and East Valley			
Kingdom Culture Community Development Corporation San Bernardino, CA	Central Valley	$500,000.00		
Legal Aid Society of San Bernardino San Bernardino, CA	Countywide	$300,000.00		
New Generation for Jesus Christ, Inc. Compton, CA	Central Valley	$1,200,000.00		
Permanent Supportive Housing Foundation Fontana, CA	Countywide	$1,238,760.00		
Right Now Counseling, dba Clay Counseling Foundation San Bernardino, CA	Central Valley	$604,200.00		
SAC Health System San Bernardino, CA	Central Valley	$278,978.00		
San Bernardino Valley College San Bernardino, CA	Central Valley	$788,915.00		
Social Science Services, Inc. dba Cedar House Bloomington, CA	Countywide	$400,000.00		
United States Veterans Initiative March ARB, CA	Central Valley	$3,031,446.00		
San Bernardino County Fire Protection District San Bernardino, CA	Countywide	$530,454.0		
San Bernardino County Sheriff's Department San Bernardino, CA	Countywide	$1,630,712.00		
Subtotal		$25,146,152.00		$0.00
Total		$59,348,643.00		$8,920,171.59

* The Salvation Army and the Cities of Colton, Montclair, Redlands and Upland contacted the CDHA-OHS to request additional time to review the contract and obtain the authorization from their Board/Council. CDHA-OHS approved these requests. CDHA is working with Morongo Basin ARCH to finalize their contract as it involves real estate acquisition. The contracts with Morongo Basin ARCH, The Salvation Army, and the Cities of Colton, Montclair, Redlands and Upland will be presented to the Board for approval on a future Board date. The County's Transitional Assistance Department (TAD) award of HEAP funding in the amount of $200,000.00 will be done under a Memorandum of Understanding between TAD and CDHA-OHS.

The recommended contracts allow for the most collaborative and comprehensive provision of homeless services to the broadest number of homeless individuals across San Bernardino County in the most effective manner with HEAP funds. CDHA-OHS will monitor contractor performance on a regular basis to ensure compliance standards are met.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Carol A. Greene, Supervising Deputy County Counsel, 387-5455) on April 22, 2019; Human Services (CaSonya Thomas, Assistant Executive Officer, 387-4717) on April 22, 2019; Purchasing Department (Leo Gomez, Purchasing Manager, 387-2063) on April 22, 2019; Finance (Kathleen Gonzalez, Administrative Analyst, 387-5412) on April 22, 2019; and County Finance and Administration (Matthew Erickson, County Chief Financial Officer, 387-5423) on April 22, 2019.

Exhibit 9 to Section 999.5(d)(5)(I)

County of

Vendor: San Bernardino ~~County~~ Department of Community Development and Housing Agency - MOU Homeless Mgmt Info System

X New Agreement OR ☐ Existing Agreement (attach most recent annual contract evaluation)

Type of Agreement:

☐ Clinical Affiliation	☐ Physician	☐ Transfer
X Service	☐ Software	☐ Staffing
☐ Consulting	☐ Lease	☐ Equipment

Support Healthy Communities efforts in improving Old Town Victorville through engaging residents for safer neighborhoods, parks and recreation

Effective Date: ~~Date of Execution~~ June 3, 2019
Expiration Date: October 31, 2021

St. Joseph Health
St. Mary

CONTRACT COVER SHEET

Justification (why is this contract needed?): This is an MOU for use of County of San Bernardino database that is a required component of the Homeless Emergency Aid Program (HEAP). The HEAP grant enables St. Mary to offer temporary housing in board/care to homeless discharged patients. It also supports a community health worker who will connect patients to agencies in the community that can provide wrap around services and lead to permanent supportive housing for homeless patients.

What is the cost impact of this contract? How did you calculate this?
This is a non-financial MOU related to grant funds received by St. Mary to cover costs of temporary housing for homeless discharged patients. It describes use of Homeless Management Information System – project

Documentation attached:

X OIG Query
http://exclusions.oig.hhs.gov/
X GSA Query
(https://www.sam.gov/portal/public/SAM/#1)
☐ Business Associate Agreement
(not required for Clinical Affiliation Agreements)
☐ Conflict of Interest Statement Attached?

SJHS Legal Review?

☐ Template
☐ e-mail attached
X N/A

Does director have invoice sign-off authority up to authorized amount?

X Yes ☐ No

Is annual contract evaluation required?

☐ Yes X No

QA/PI (PIAC) Reporting:
If one or more of the following criteria are checked, QA PI reporting is required and the attached document must be integrated at time of evaluation. N/A

☐ Indirect Patient Contact
☐ Direct Patient Contact

Physician Agreements:
Is Fair Market Value within the 25th to 75th percentile?
(If no, Board approval is required)

☐ Yes ☐ No X N/A

Date of Board approval: _____

☐ Documentation of Need attached

Reviewed by:

Kevin Mahany 5/22/2019
Reviewed by Department Director (Kevin Mahany) Date

(See attached acknowledgement)
Reviewed by Vice President (Judy Wagner) Date

Does this agreement include staff not employed by SMMC? ☐ Yes* X No
** If yes, agreement must be referred to Vice President of Human Resources for review*

N/A
Reviewed by Vice President, Human Resources (Signature) Date

Are other departments involved? X Yes* ___ No
** If yes, agreement must be referred to involved Department Vice President for review*

John Kozyra 5/22/19
Reviewed by John Kozyra, CDO - Foundation Date

N/A
VP, Strategic Services (Signature) for physician contracts only Date

Tracey Fernandez 5/28/19
Reviewed by CFO (Tracey Fernandez) Date

Marilyn Drone 5/29/19
Reviewed by Interim CE (Marilyn Drone) Date

(only physician contracts require CEO review/signature)

[redacted]
Reviewed by CEO (Signature) Date

Finance Department Tracey Fernandez
Department Director Kevin Mahany
Vice President Judy Wagner
Other John Kozyra

Ramirez, Rosa

From: Wagner, Judy
Sent: Friday, May 24, 2019 10:30 PM
To: Ramirez, Rosa
Cc: Corle, Erika
Subject: Re: Agreement Cover Sheet Needs Your Signature

Yes, you can work n it...I'll be in wed.

Sent from my iPad

> On May 24, 2019, at 9:21 AM, Ramirez, Rosa <Rosa.Ramirez@stjoe.org> wrote:
>
> Hello Judy,
>
> Attached is a contract cover sheet for an MOU agreement regarding use of the County's homeless data base that is a requirement for the Homeless Emergency Aid Program (HEAP) grant funds. Since you are out of the office, I am hoping you will respond to this email with your acknowledgement and approval so that I can continue to route the agreement. It is due early next week to the County.
>
> Please let me know if you have any questions.
>
> Have Fun at Camp 😊
> Rosa
>
> Rosa Ramirez
> Corporate & Foundation Relations Officer PROVIDENCE ST. JOSEPH HEALTH
> FOUNDATIONS | SOUTHERN CALIFORNIA REGION
> 18300 Highway 18, Apple Valley, CA 92307
> w: 760.946.8145
>
> [cid:image001.png@01D340DD.2D615560]
>
> <image001.png>
> <HEAP HMIS MOU 20190469002019052411547.pdf.secure>

MEMORANDUM OF UNDERSTANDING

Between

County of San Bernardino

Acting By and Through

County of San Bernardino Community Development and Housing Agency

Office of Homeless Services

And

St. Mary Medical Center

For Homeless Management Information System

Date of Execution through October 31, 2021

WHEREAS, the County of San Bernardino (County) Community Development and Housing Agency (CDHA) Office of Homeless Services (OHS) is responsible for coordinating countywide efforts to end and prevent homelessness in San Bernardino County; and,

WHEREAS, the United States Congress, in accepting Conference Report 106-988m indicated that "local jurisdictions should be collecting an array of data on homelessness in order to prevent duplicate counting of homeless persons and to analyze their patterns of use of assistance, including how they enter and exit the homeless assistance system and the effectiveness of the systems"; and,

WHEREAS, OHS has been allocated funds by the United States Department of Housing and Urban Development (HUD) to provide data collection services regarding the individuals experiencing homelessness in the County of San Bernardino; and,

WHEREAS, OHS is responsible for administering and maintaining the HUD mandated county-wide Homeless Management Information System (HMIS), a web-enabled database used by homeless services providers to capture information about the San Bernardino County persons they serve; and

WHEREAS, OHS is responsible for ensuring that all homeless services providers within the County of San Bernardino adhere to HUD and local policy and procedures regarding the utilization of the HUD mandated HMIS; and,

WHEREAS, OHS is the system host and provides the personnel and administrative support to operate HMIS, and has the responsibility to establish, support and manage HMIS in a manner that will meet HUD's standards for minimum data quality, privacy, security and other requirements for agencies participating in HMIS; and,

WHEREAS, **St. Mary Medical Center**, hereafter referred to as "Agency," has been awarded, allocated funds, or seeks to provide homeless program services within the County of San Bernardino;

NOW, THEREFORE, in consideration of the foregoing premises, the mutual covenants and obligations contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the County, acting by and through OHS, and Agency agree to the following terms and conditions:

TABLE OF CONTENTS

I. BACKGROUND

In September of 2007, the San Bernardino County Board of Supervisors (Board) approved the formation of the San Bernardino County Homeless Partnership (Partnership) to provide leadership in creating a stronger countywide network of service delivery to homeless individuals, homeless families, and those at risk of becoming homeless through facilitating better communication, planning coordination, and cooperation among all entities that provide services to the county's homeless.

In addition, the Board created the OHS, originally under Human Services and the Department of Behavioral Health, now administered by the Community Development and Housing Agency, to provide administrative support for the newly formed Partnership.

To address the multidimensional problem of homelessness locally and nationally, HUD, through a Congressional directive, required all Continuum of Cares (CoC) to implement an expanded HMIS to address the problem more effectively. An HMIS is a computerized data collection system used by homeless services providers to capture information about the persons they serve. This data collection system tracks collaborative agencies' services that are provided throughout each CoC to homeless individuals and families. Services tracked include emergency, transitional, and permanent housing bed usage, employment, veteran's status, referrals to health and human service providers, legal aid or other relevant supportive service agencies.

In February 2013, OHS accepted a grant agreement from HUD to administer and maintain the HMIS for the County of San Bernardino.

This MOU between OHS and the Agency delineates the roles and responsibilities of OHS and the Agency regarding HMIS participation to capture information about the San Bernardino County persons they serve.

II. OHS RESPONSIBILITIES

OHS shall:

A. Ensure compliance with all applicable federal and state laws and regulations regarding the protection of client privacy and confidentiality of client information.

B. Provide the Agency with a matrix clearly outlining the HUD required data elements that must be included in the data file to be migrated to the OHS HMIS system; (if applicable).

C. Provide User ID and Passwords to Users before being granted access to HMIS.

D. Provide monthly User's, Agency Administration and Report Training; and other trainings deemed necessary.

E. Conduct regular on-site monitoring visits to ensure compliance with HUD and HMIS Policies and Procedures.

F. Provide ongoing data and technical support through monthly trainings, one-on-one trainings as well as Webinars via Go-To-Meetings.

G. Create monthly reports as needed and submit them as an e-mail attachment for review.

H. Provide utilization reports to participating agencies on a regular basis to include data quality and tracking.

III. AGENCY RESPONSIBILITIES

Agency shall:

A. Ensure compliance with all applicable federal and state laws regarding protection of client privacy and confidentiality regulations, and the HMIS Policies and Procedures pertaining to client confidentiality, user conduct, security and the ongoing functionality and stability of services used to support the HMIS.

B. Attend monthly User's, Agency Administration and Reports Trainings as provided by OHS.

C. Ensure compliance with all the HUD required data elements.

D. Ensure compliance with HUD Technical Standards specified in the HMIS Policies and Procedures.

E. Keep Interagency data sharing agreements and Client Consent/Information release forms for all individual client data that is shared to non-custodial agencies where the internal policies of the Agency allows data sharing.

F. Ensure compliance and full participation with local CoC CA-609 Coordinated Assessment System written procedures.

IV. MUTUAL RESPONSIBILITIES

A. OHS and the Agency agree they will establish mutually satisfactory methods for the exchange of such information as may be necessary in order that each party may perform its duties and functions under this agreement; and appropriate procedures to ensure all information is safeguarded from improper disclosure in accordance with applicable State and Federal laws and regulations.

B. OHS and the Agency agree they will establish mutually satisfactory methods for problem resolution.

V. REQUIRED DATA COLLECTION ELEMENTS

It is the responsibility of the Agency to collect data based on the HUD 2017 HMIS Data Standards, Version 1.2, October 2017, unless the Agency has Read Only Access.

A. The Universal Data Elements include: Name, Social Security Number, Date of Birth, Ethnicity and Race, Gender, Veteran Status, Disabling Condition, Living Situation, Prior Living Situation, Zip Code of Last Permanent Address, Project Entry Date, Unique Person Identification Number (system generated), Project Exit Date, Destination, Program Identification Number (system generated), Household Identification Number (system generated), Relationship to Head of Household, Client Location, and Length of Time on Street, in an Emergency Shelter (ES) or Safe Haven.

B. Project-Specific Data Elements include:

HIV/AIDS	Mental Health	Substance Abuse
Domestic Violence	Services Received	Reasons for Leaving
Employment	Education	Chronic Health Condition
Pregnancy Status	Veteran's Information	Children's Education
Destination at Exit	Non-Cash Benefits	Housing Status
Income and Source	Financial Assistance Provided Supportive Services for Veterans Families only (SSVF)	Housing Assessment at Exit [Homeless Prevention Emergency Solutions Grant (ESG) & CoC Funded]
Health Insurance	Residential Move-In Date (SSVF, Rapid Re-Housing Programs ESG & CoC Funded)	Date of Engagement (ESG Street Outreach only)
Physical Disability	Development Disability	Date of Contact (ESG Street Outreach only)
Last Permanent Address (SSVF only)	General Health Status	

VI. USAGE OF DATA

A. Data Use by OHS

For the purposes of system administration, user support, and program compliance, OHS will use the data contained within HMIS for analytical purposes only and will not disseminate client-level data. OHS will release aggregate data contained within HMIS for research and reporting purposes only.

B. Data Use by Agency

As the guardians entrusted with client personal data, HMIS Users have a moral and a legal obligation to ensure that the data they collect is being gathered, accessed and used appropriately. It is also the responsibility of each user to ensure that client data is only used for the ends for which it was collected, ends that have been made explicit to clients and are consistent with the mission of the Agency and the HMIS to assist families and individuals to resolve their housing crisis. Proper user training, adherence to HMIS Policies and procedures, and a clear understanding of client confidentiality are vital to achieving these goals. Any individual or participating Agency misusing or attempting to misuse HMIS will be denied access to the system.

VII. CONFIDENTIALITY AND INFORMED CONSENT

The Agency agrees to abide by and uphold all privacy protection standards established by HMIS as well as their respective agency's privacy procedures. The Agency will also uphold relevant and applicable Federal and California State confidentiality regulations and laws that protect client records, and the Agency will only release confidential client records with written consent by the client, or the client's guardian, unless otherwise provided for in the regulations or laws.

VIII. POSTINGS – Privacy and Mandatory collection notices must be posted at AGENCY

The participating Agency must post Privacy and mandatory Collection notices at each intake desk or comparable location. The Privacy and Mandatory Collection notices must be made available in writing at the client's request. If the Agency maintains a website, a link to the privacy notice must be on the homepage of the Agency's website.

IX. RIGHTS

HMIS data from agencies resides in one central database. Data sharing is currently limited to the data within the CoC. The CoC reserves the right at a later date to expand data sharing to include collaborative wide data.

X. COPYRIGHT

The HMIS is protected by copyright and is not to be copied, except as permitted by law or by contract with owner of the copyright. The Agency's users' storage of materials copyrighted by others on the systems or displaying the materials through web pages must comply with copyright laws and guidelines.

XI. RIGHT TO MONITOR

A. OHS staff or any subdivision or appointee thereof, and the State of California or any subdivision or appointee thereof, including the Inspector General, shall have absolute right to review and audit all records, books, papers, documents, corporate minutes, and other pertinent items as requested, and shall have absolute right to monitor the performance of the Agency in the delivery of services provided under this MOU. Full cooperation shall be given by the Agency in any auditing or monitoring conducted.

B. The Agency shall cooperate with OHS in the implementation, monitoring and evaluation of this MOU and comply with any and all reporting requirements established by this MOU.

C. The Agency shall provide all reasonable facilities and assistance for the safety and convenience of OHS's representative in the performance of their duties. All inspections and evaluations shall be performed in such a manner as will not unduly delay the work of the Agency.

XII. TERM

This MOU is effective upon Date of Execution through October 31, 2021, unless terminated earlier in accordance with the provisions of Section XIII of this MOU.

XIII. EARLY TERMINATION

This MOU may be terminated without cause upon thirty (30) days written notice by either party. The CDHA Deputy Executive Officer, or his/her appointed designee, has the authority to terminate this MOU on behalf of CDHA. The Agency Director, or his/her appointed designee, has the authority to terminate this MOU on behalf of the Agency.

XIV. GENERAL PROVISIONS

A. No waiver of any of the provisions of the MOU shall be effective unless it is made in writing which refers to provisions so waived and which is executed by the Parties. No course of dealing and no delay or failure of a Party in exercising any right under the MOU shall affect any other or future exercise of that right or any exercise of any other right. A Party shall not be precluded from exercising a right by its having partially exercised that right or its having previously abandoned or discontinued steps to enforce that right.

B. Any alterations, variations, modifications, or waivers of provisions of the MOU, unless specifically allowed in the MOU, shall be valid only when they have been reduced to writing, duly signed and approved by the Authorized Representatives of both parties as an amendment to this MOU. No oral understanding or agreement not incorporated herein shall be binding on any of the Parties hereto.

C. Indemnification. Agency agrees to indemnify, defend (with counsel reasonably approved by County) and hold harmless the County and its authorized officers, employees, agents and volunteers from any and all claims, actions, losses, damages, and/or liability arising out of this MOU from any cause whatsoever, including the acts, errors or omissions of any person and for any costs or expenses incurred by the County on account of any claim except where such indemnification is prohibited by law. This indemnification provision shall apply regardless of the existence or degree of fault of indemnitees. Agency's indemnification obligation applies to the County's "active" as well as "passive" negligence but does not apply to the County's "sole negligence" or "willful misconduct" within the meaning of Civil Code Section 2782.

XV. CONCLUSION

A. This MOU, consisting of seven (7) pages, is the full and complete document describing services to be rendered by CDHA and Agency for the HUD Homeless Assistance grants.

B. The signatures of the Parties affixed to this MOU affirm that they are duly authorized to commit and bind their respective entities to the terms and conditions set forth in this document.

St. Mary Medical Center

Marilyn Drone
Signature

Name: Marilyn Drone, RN, MSN
Title: Interim Chief Executive
Address: 18300 Highway 18
Apple Valley, CA 92307

Date: 5/31/19

COUNTY OF SAN BERNARDINO
COMMUNITY DEVELOPMENT AND HOUSING
AGENCY, OFFICE OF HOMELESS SERVICES

Dena Fuentes
Signature

Name: Dena Fuentes
Title: Deputy Executive Officer
Address: 385 North Arrowhead Ave, 3rd Floor
San Bernardino, CA 92415-0043

Date: 6/3/19

Exhibit 10 to Section 999.5(d)(5)(I)

Contract # 17-763

St. Joseph Health
St. Mary

Vendor: San Bernardino County Department of Behavioral Health (DBH) Community Crisis Services (CCS) Memorandum of Understanding (MOU)

☒ New Agreement **OR** ☐ Existing Agreement (attach most recent annual contract evaluation)

Type of Agreement:

☐ Clinical Affiliation ☐ Physician ☐ Transfer
☐ Service ☐ Software ☐ Staffing
☐ Consulting ☐ Lease ☐ Equipment
☒ Other: Office Space Collaboration

Effective Date: Sept. 26, 2017

Expiration Date: June 30, 2022

CONTRACT COVER SHEET

Justification (why is this contract needed?):

Provide office space for DBH's Triage Engagement Support Team (TEST) in a joint effort to address mental health issues within the medical emergency room setting as well as assist with reducing expenditures for law enforcement resources and for hospital emergency departments.

What is the cost impact of this contract? How did you calculate this amount?: Non-financial other than office supplies.

Documentation attached:

☒ OIG Query
http://exclusions.oig.hhs.gov/
☒ GSA Query
(https://www.sam.gov/portal/public/SAM/#1)
☒ Business Associate Agreement N/A
(not required for Clinical Affiliation Agreements)
☒ Conflict of Interest Statement Attached? N/A

SJHS Legal Review?

☐ Template
☐ e-mail attached
☒ N/A

Does director have invoice sign-off authority up to authorized amount?

☐ Yes ☐ No N/A

Is annual contract evaluation required?

☐ Yes ☒ No

QA/PI (PIAC) Reporting:
If one or more of the following criteria are checked, QA PI reporting is required and the attached document must be integrated at time of evaluation.

☐ Indirect Patient Contact
☐ Direct Patient Contact N/A

Physician Agreements:
Is Fair Market Value within the 25th to 75th percentile? *(If no, Board approval is required)*

☐ Yes ☐ No ☒ N/A

Date of Board approval: _____

Reviewed by:

Reviewed by Department Director (Signature) 9/13/2017 Date

Reviewed by Vice President (Signature) 9/13/17 Date

Does this agreement include staff not employed by SMMC? ☑ Yes* ☐ No
** If yes, agreement must be referred to Vice President of Human Resources for review*

Jean Holtman 10/18/17
Reviewed by Vice President, Human Resources (Signature) Date

Are other departments involved? ☐ Yes* ☐ No
** If yes, agreement must be referred to involved department Vice President for review*

Reviewed by Vice President (Signature) Date

N/A
VP, Strategic Services (Signature) for physician contracts only Date

Reviewed by CFO (Signature) 9/13/17 Date

N/A
Reviewed by COO (Signature) Date

(only physician contracts require CEO review/signature)

N/A
Reviewed by CEO (Signature) Date

Copies sent to:

Finance Department Tracey Fernandez
Department Director Kevin Mahany
Vice President Judy Wagner
Other Larry Faulkner
Marilyn Drake
Jean Holtman

REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS OF SAN BERNARDINO COUNTY, CALIFORNIA AND RECORD OF ACTION

September 26, 2017

FROM: **VERONICA KELLEY, Director**
Department of Behavioral Health

SUBJECT: **NON-FINANCIAL MEMORANDUM OF UNDERSTANDING WITH ST. MARY MEDICAL CENTER FOR DEDICATED OFFICE SPACE**

RECOMMENDATION(S)

Approve non-financial Memorandum of Understanding (**Agreement No.17-763)** with St. Mary Medical Center for the Department of Behavioral Health to utilize dedicated space at St. Mary Medical Center for the period of September 26, 2017 through June 30, 2022.
(Presenter: Veronica Kelley, Director, 388-0801)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS AND OBJECTIVES

Provide for the Safety, Health and Social Service Needs of County Residents.
Pursue County Goals and Objectives by Working with Other Agencies.

FINANCIAL IMPACT

This item does not impact Discretionary General Funding (Net County Cost). The non-financial Memorandum of Understanding (MOU) will allow the Department of Behavioral Health (DBH) to utilize office space located within St. Mary Medical Center (SMMC) at no cost to the County in order for DBH to provide Triage, Engagement and Support Team (TEST) services.

BACKGROUND INFORMATION

In 2014, DBH was awarded the Mental Health Personnel Grant to fund additional crisis triage personnel for underserved communities. As a result, DBH established and staffed the TEST program. These triage personnel assist individuals within the emergency medical care system and/or individuals within the legal system that may be suffering a mental health crisis. TEST specializes in crisis intervention, crisis stabilization, continuum of care, and case management for individuals experiencing an urgent psychiatric health condition with up to 59 days of individualized linkage and follow up services. The non-financial MOU outlines the responsibilities for the use of dedicated office space, as well as the development of referrals to the TEST staff, within SMMC's emergency department located at 18300 Highway 18 in Apple Valley.

cc: BH- Forthun w/agree
Contractor c/o BH w/agree
BH-Kelley
BH Contracts-Hoatson
CAO-Atkeson
File - w/agree
JS 09/27/2017

ITEM 10

Record of Action of the Board of Supervisors

APPROVED (CONSENT CALENDAR)
COUNTY OF SAN BERNARDINO
Board of Supervisors

MOTION	AYE	SECOND	AYE	MOVE	AYE
	1	2	3	4	5

LAURA H. WELCH, CLERK OF THE BOARD

BY _____

DATED: September 26, 2017

Rev 7-12-16

DBH currently manages 18 TEST locations throughout the County within 'point of access' agencies, such as sheriff and police departments, emergency rooms, Public Defender and Probation. These community agencies provide dedicated office space to DBH, at no cost, and refer individuals in mental health crisis to TEST staff. This co-locating allows these individual clients immediate access to a combination of services within the client's own community. DBH continues to expand access to crisis services through the TEST program, allowing consumers in underserved communities to receive mental health crisis care in the least restrictive environments. DBH's TEST program is improving response times for intervention, improving client experiences, ensuring linkage and referrals, as well as reducing use of law enforcement resources and hospital emergency department expenditures.

The recommended non-financial MOU will allow DBH to utilize space at SMMC through June 30, 2022. The MOU may be terminated by either party without cause. Request for approval of this agreement reaffirms DBH's commitment to providing access to crisis services throughout the County for underserved populations at a variety of collaborated sites.

PROCUREMENT
Not applicable to the identification of suitable points of access.

REVIEW BY OTHERS
This item has been reviewed by Behavioral Health Contracts (Ellayna Hoatson, Contract Supervisor, 388-0858) on August 29, 2017; County Counsel (Frank Salazar, Deputy County Counsel, 387-5455) on July 27, 2017; Finance (Steve Atkeson, Administrative Analyst, 386-8393) on September 6, 2017; and County Finance and Administration (Tanya Bratton, Deputy Executive Officer, 388-0280) on September 7, 2017.

SAN BERNARDINO COUNTY

FAS

CONTRACT TRANSMITTAL

FOR COUNTY USE ONLY

☒ New ☐ Change ☐ Cancel	FAS Vendor Code	SC	Dept. MLH	A	Contract Number 17-763
ePro Vendor Number N/A					ePro Contract Number N/A
County Department BEHAVIORAL HEALTH			Dept. MLH	Orgn. MLH	Contractor's License No.
County Department Contract Representative DEBORAH FORTHUN			Telephone (909)388-0862		Total Contract Amount

Contract Type
☐ Revenue ☐ Encumbered ☐ Unencumbered ☒ Other: NON-FINANCIAL MOU

If not encumbered or revenue contract type, provide reason: _____

Commodity Code	Contract Start Date	Contract End Date	Original Amount	Amendment Amount
	09/26/17	06/30/2022		

Fund	Dept.	Organization	Appr.	Obj/Rev Source	GRC/PROJ/JOB No.	Amount

Project Name: Office Space at St. Mary Medical Center For DBH

Estimated Payment Total by Fiscal Year

FY	Amount	I/D	FY	Amount	I/D

CONTRACTOR St. Mary Medical Center

Federal ID No. or Social Security No. _____

Contractor's Representative Tracey Fernandez, CFO

Address 18300 Highway 18, Apple Valley, CA 92307 Phone 760-912-0927

This non-financial Memorandum of Understanding (MOU) serves to identify areas of agreement and responsibility between San Bernardino County Department of Behavioral Health (DBH) and St. Mary Medical Center regarding utilization of no cost, designated office space within St. Mary Medical Center by DBH.

THIS IS NOT A CONTRACT
THIS IS A COVER TRANSMITTAL ONLY

(Attach this transmittal to all contracts not prepared on the "Standard Contract" form.)

Approved as to Legal Form (sign in blue ink)	Reviewed as to Contract Compliance	Presented to BOS for Signature
►	►	►
Frank Salazar, Deputy County Counsel	Natalie Kessee, Contracts Manager	Veronica Kelley, LCSW, Director
Date 9-12-17	Date 9/14/17	Date 9/15/17

Auditor-Controller/Treasurer/Tax Collector Use Only	
☐ Contract Database	☐ FAS
Input Date	Keyed By

MEMORANDUM OF UNDERSTANDING

Between

Department of Behavioral Health

And

St. Mary Medical Center

For

Office Space Collaboration

September 26, 2017

WHEREAS, the Department of Behavioral Health hereinafter referred to as DBH, a department of the County of San Bernardino, and St. Mary Medical Center, St. Joseph Health, hereinafter referred to as SMMC, and

WHEREAS, DBH desires to expand consumer access to mental health crisis care through Triage, Engagement and Support Teams (TEST). DBH will do so by collaborating for office space at no cost within agencies that have the highest contact with consumers experiencing a psychiatric emergency. These agencies, named 'points of access' are law enforcement, hospital emergency rooms, schools and court related agencies; and

WHEREAS, DBH has been allocated funds by the Mental Health Services Act (MHSA) and the Mental Health Wellness Act of 2013 also known as Senate Bill 82 to provide such services, and

WHEREAS, SMMC is willing and able to provide adequate, non-financial, dedicated office space located in the SMMC Emergency Department, specifically for the services provided by TEST staff; and

NOW THEREFORE, SMMC and DBH mutually agree to the following terms and conditions:

TABLE OF CONTENTS

I. PURPOSE

This Memorandum of Understanding (MOU) serves to identify areas of agreement and responsibility between St. Mary's Medical Center (SMMC) and the Department of Behavioral Health (DBH), regarding the use of dedicated office space within the hospital emergency department for locating a DBH TEST program.

DBH will assign the TEST staff that will utilize an office within the emergency department, as outlined with SMMC:

St. Mary Medical Center
18300 Highway 18
Apple Valley, CA 92307
760-912-0927

The partnership between DBH and SMMC is a joint effort to address mental health crises within the medical emergency room setting. In exchange for SMMC's responsibilities hereunder, the TEST staff will be providing crisis intervention, intensive crisis case management services and linkage to community resources within dedicated office space at the SMMC.

II. DEFINITIONS

The terms consumer, resident, individual, client or participant are used interchangeably throughout this document will refer to the individual inquiring, accessing and/or receiving services.

The term agency, hospital, medical center, SMMC will refer to St. Mary Medical Center.

A. **Authorization for Release of Protected Health Information Form (COM001):** A Health Insurance Portability and Accountability Act of 1996 (HIPAA) compliant written authorization signed by the client authorizing DBH to release his/her information to a designated recipient. This form must be signed by DBH client before any protected health information is released by DBH to SMMC. Client has the ability to decline, limit or authorize the sharing of his/her protected health information.

B. **Department of Behavioral Health (DBH**): The San Bernardino County Department of Behavioral Health, under state law, provides mental health and substance use disorder treatment services to County residents. In order to maintain a continuum of care, DBH operates or contracts for the provision of prevention and early intervention services, 24-hour care, day treatment outpatient services, case management, and crisis and referral services. Community services are provided in all major County metropolitan areas and are readily accessible to County residents.

C. **Mental Health Services Act (MHSA):** Mental Health Services Act, also known as Proposition 63, imposes a 1% tax on adjusted annual income over $1,000,000. In November 2004, California voters passed Proposition 63 to adopt the MHSA. According to the MHSA, the intent of the funding is to reduce the long term adverse impact on individuals, families, and State and local budgets resulting from untreated serious mental illness.

D. **Personally Identifiable Information (PII)**: Information that can be used on its own or with other information to identify, contact, or locate an individual or to identify a person in context.

E. **Protected Health Information (PHI)**: Individually identifiable health information that is transmitted by or maintained in electronic media or any other form or medium (excludes individually identifiable health information in employment records held by a Covered Entity in its role as employer).

F. **San Bernardino County (County)**: The governing entity of the Department of Behavioral Health (DBH).

G. **St. Mary Medical Center (SMMC):** Also known as agency in this document is a part of St Joseph Health, Irvine, CA. SMMC is part of St. Joseph's Southern California Region and is located in Apple Valley, CA.

H. **Senate Bill (SB) 82:** The Investment in Mental Health Wellness Act of 2013 established a competitive grant program to disburse funds to California counties or to their nonprofit or public agency designates for the purpose of developing mental health crisis support programs. Specifically, funds will "increase capacity for client assistance and services in crisis intervention, crisis stabilization, crisis residential treatment, rehabilitative mental health services, and mobile crisis support teams."

I. **Triage, Engagement and Support Teams (TEST):** Triage teams specialize in crisis intervention, crisis stabilization, continuum of care, and case management for individuals experiencing an urgent psychiatric health condition with up to 59 days of individualized linkage and follow up services. The goal is to improve consumer experience and strengthen opportunity for recovery and wellness while reducing expenditures for law enforcement resources and for hospital emergency departments.

III. COLLABORATING AGENCY FACILITY REQUIREMENTS

SMMC will:

A. Provide written instructions and updates to the DBH Program Manager regarding the processes for onsite DBH employees to obtain clearance, approval and orientation for SMMC.

B. Provide adequate workspace for DBH TEST staff within SMMC Emergency Department. Adequate workspace shall include a personal work area with a desk, chairs and secure document storage.

C. Provide a designated area for consultation of clients as required.

D. Provide a parking space for a County or employee vehicle.

E. Provide access to a desk phone, fax machine and photocopier.

F. Provide DBH staff access to staff restrooms and breakroom.

G. Maintain and relay safety/security procedures related to DBH staff assigned to agency.

H. Assign building passes and office keys as needed to DBH staff, regularly assigned to agency.

IV. AGENCY GENERAL RESPONSIBILITIES

A. Without the prior written consent of DBH, this MOU is not assignable by SMMC either in whole or in part.

B. SMMC is aware that DBH is required by regulation to protect from unauthorized use or disclosure names and other identifying information concerning persons receiving services pursuant to this MOU, the exception is statistical information where the participants are de-identified. Information obtained by DBH for participants that is stored at SMMC is highly sensitive and confidential; therefore, SMMC shall provide DBH with secure document storage and use the same physical safeguards related to such document storage that SMMC uses to safeguard its own PHI.

C. DBH is prohibited by regulation to provide the disposition or outcome of any participant unless DBH has written authorization from the participant to provide information to SMMC. Therefore, SMMC shall not request information (follow-up, outcome, disposition, etc.) from DBH regarding a participant unless there is an authorization on file from the participant. This provision will remain in force even after the termination of the MOU.

D. SMMC acknowledges DBH must track/report specified data required by the State grant. Part of the necessary information measures reduced time law enforcement spends with referrals and linkage to appropriate levels of care designed to address the particular behavioral health issues being presented at the Emergency Department (ED); reduction of the time individuals needing mental health services spend in an ED; reduced number of visits to EDs for behavioral health-related concerns post TEST involvement, and to facilitate faster assessment of individuals experiencing a mental health crisis that may result in inpatient hospitalization. SMMC further acknowledges that these track/reporting requirements may change per the County and/or the State. To the extent that such information involves PHI or medical information (as defined at Cal. Civ. Code Section 56.05), DBH acknowledges that prior to SMMC's provision of the necessary information SMMC will have to obtain an Authorization for Release of Protected Health Information Form (that also complies with state law requirements) from the relevant individual.

E. Should SMMC find the need to obtain PHI about a client, the hospital shall request the client complete the DBH's Authorization for Release of Protected Health Information (COM001) form prior to any discussion or release regarding client PHI, including but not limited to diagnosis, treatment, and/or outcomes. The form must state DBH can share client's specified PHI with SMMC, with specific time frames and expiration date indicated.

V. DBH RESPONSIBILITIES

DBH will:

A. In the least restrictive environment possible, provide mental health services which include crisis intervention, crisis intensive case management and linkage to community resources to divert seriously mentally ill clients from hospitalization. The primary usage of this office space is:

1. Crisis intervention services

2. Intensive Crisis Case Management/linkage services

3. To be the central location for consumer linkage to appropriate public and/or private community resources, to assist SMMC in managing consumers with behavioral health issues for up to 59 days.

B. Facilitate Staffing of DBH Employees Onsite

1. DBH maintains authority and responsibility for the assignment and/or reassignment of all DBH staff.

2. DBH will have potential onsite employee complete all mandated clearance requirements for agency to obtain agency approval.

3. Only agency approved DBH employees can be assigned to be onsite.

4. Once approved, DBH employee must attend orientation prior to DBH employee onsite placement.

5. DBH staff will be appropriately licensed and may include any combination of the following: Social Worker II, Alcohol and Drug Counselor, Mental Health Specialist, Clinical Therapist, and Peer and Family Advocate for the purpose of providing crisis response services within the dedicated office space and in the field.

6. Have individual staff with work hours that vary; staff will be available up to 40 hours a week. DBH will be responsible for monitoring and coordinating staff work schedules.

7. DBH shall ensure that its employees perform in accordance with all applicable local, State, and Federal laws, as well as all SMMC policies and procedures, including SMMC's corporate compliance program.

C. Assign computers and cell phones to DBH employees.

D. Provide administrative supervision to all TEST staff located at the SMMC offices. Any concerns or suggestions regarding any type of matters shall be taken to the DBH Administration, Supervisory staff or his/her designee.

E. Communicate with the appropriate SMMC supervisory staff or his/her designee with any concerns and/or suggestions for overcoming problem areas and/or changing procedures related to facility usage or supervision.

F. Maintain authority and responsibility for the assignment and/or reassignment of all DBH staff.

G. Address the MHSA goal of mitigating unnecessary expenditures related to hospital emergency rooms in collaboration with SMMC. This will be measured and reported with the following outcomes: reduced time that medical center staff spends with individuals needing mental health services; and reduced number of encounters between medical center and individuals in mental health crisis that often result in lengthy ED stays and/or inpatient hospitalization.

H. Assign a DBH Program Manager to be responsible for reporting MHSA goal outcome measures to MHSA Coordinator, as appropriate.

I. Monitor and coordinate staff work schedules as staff work hours may vary.

J. Pursuant to HIPAA, DBH has implemented administrative, physical, and technical safeguards to protect the confidentiality, integrity, and availability of health information that is transmitted or maintained in any form or medium.

K. Obtain a HIPAA compliant release of information for each client prior to any discussions with SMMC regarding any client PHI, including, but not limited to, diagnosis, treatment, and/or outcomes and provide to all clients any necessary Notice of Privacy Practices documentation related to such client's contact with DBH's staff.

VI. MUTUAL RESPONSIBILITIES

A. DBH's TEST staff will coordinate with SMMC staff for the purpose of providing crisis intervention services and intensive crisis case management and linkage.

B. SMMC and DBH agree to develop a program unique to SMMC needs and internal procedures for optimal utilization of TEST services and fulfilment of consumers' needs within the outline of this MOU.

C. Both agencies must comply with relevant regulations for any release of information. SMMC and DBH agree they will establish mutually satisfactory methods for the exchange of such information as may be necessary in order that each party may perform its duties and functions under this MOU; and appropriate procedures to ensure all information is safeguarded from improper disclosure in accordance with applicable State and Federal laws and regulations.

D. SMMC and DBH agree they will establish mutually satisfactory methods for problem resolution at the lowest possible level as the optimum, with a procedure to mobilize problem resolution up through the SMMC and DBH mutual chain of command, as deemed necessary.

E. SMMC and DBH agree to develop and implement procedures and forms necessary to administer and document each program referral, participation, compliance and effectiveness.

F. SMMC and DBH agree to develop internal procedures for resolving grievances including the specific steps a client must follow, and the time limits for resolution.

G. SMMC and DBH agree to work together to develop a tracking system of calls that TEST staff respond to for the purpose of productivity measures and staff accountability.

H. SMMC and DBH agree to comply with all applicable local, State, and Federal laws.

I. SMMC and DBH shall not charge each other for any of the items or services provided hereunder.

J. Indemnification and Insurance Requirements between the governing entities of DBH which is County and SMMC are as follows:

1. SMMC agrees to defend, indemnify and hold harmless the County, it's officers, employees, agents, and volunteers for any and all claims, losses, actions, damages and/or liability arising out of this agreement/contract from any cause whatsoever, including any costs or expenses incurred by County, except as prohibited by law, arising out of SMMC's negligent or wrongful acts or omissions in connection with its performance under the herein agreement.

2. The County agrees to defend, indemnify and hold harmless the SMMC, it's officers, employees, agents, and volunteers for any and all claims, losses, actions, damages and/or liability arising out of this agreement/contract from any cause whatsoever, including any costs or expenses incurred by SMMC, except as prohibited by law, arising out of County's negligent or wrongful acts or omissions in connection with its performance under the herein agreement.

3. In the event that the County and/or SMMC are determined to be comparatively at fault for any claim, action, loss or damage which results from their respective obligations under this agreement, the County and/or SMMC shall indemnify the other to the extent of its comparative fault.

4. The County and the SMMC are authorized self-insured public entities for purposes of General Liability, Automobile Liability, Workers' Compensation, and Professional Liability coverage and warrants that through its program of self-insurance, it has adequate coverage or resources to protect against liabilities arising out of the terms, conditions and obligations of this agreement.

K. Privacy and Security

1. SMMC and DBH shall comply with all applicable State and Federal regulations pertaining to privacy and security of client information. Regulations have been promulgated governing the privacy and security of individually identifiable health information (IIHI) and/or Protected Health Information (PHI) or electronic Protected Health Information (ePHI).

2. In addition to the aforementioned protection of IIHI, PHI and e-PHI, DBH requires SMMC to adhere to the protection of PII and Medi-Cal PII. PII includes any information that can be used to search for or identify individuals such as but not limited to name, social security number or date of birth. Whereas Medi-Cal PII is the information that is directly obtained in the course of performing an administrative function on behalf of Medi-Cal, such as determining eligibility that can be used alone in conjunction with any other information to identify an individual.

3. Reporting of Improper Access, Use or Disclosure or Breach

SMMC and DBH have mutually agreed to report to each other any unauthorized use, access or disclosure of unsecured PHI or PII no later than one (1) business day upon the discovery of a potential breach Upon discovery of the potential breach, SMMC and DBH shall complete the following actions:

a. Provide the other department with the following information, including, but not limited to:

1) Date the potential breach occurred;

2) Date the potential breach was discovered;

3) Number of staff, employees, subcontractors, agents, or other third parties, and the titles of each person allegedly involved;

4) Number of potentially affected patients/clients; and

5) Description of how the potential breach allegedly occurred.

b. Provide an update of applicable information to the extent known at that time without reasonable delay and in no case later than three (3) calendar days of discovery of the potential breach.

c. Provide completed risk assessment and investigation documentation within ten (10) calendar days of discovery of the potential breach with decision whether a breach has occurred including the following information:

1) The nature and extent of the PHI or PII involved, including the types of identifiers and likelihood of re-identification;

2) The unauthorized person who used PHI or PII or to whom it was made available;

3) Whether the PHI or PII was actually acquired or viewed; and

4) The extent to which the risk to PHI or PII has been mitigated.

d. SMMC and DBH will work collaboratively to determine which department is responsible for notifying the client(s) and for any associated costs that are not reimbursable under this agreement, if a breach has occurred. SMMC and DBH shall collaborate on the development of the client notification letter for review and approval prior to sending to the affected client(s).

e. Make available to each other and governing State and Federal agencies in a time and manner designated by County or governing State and Federal agencies, any policies, procedures, internal practices and records relating to a potential breach for the purposes of audit or should the County reserve the right to conduct its own investigation and analysis.

J. DBH will ensure any DBH protected information stored at an assigned SMMC office, for any period of time, will be locked and secured in adherence to IIHI and PHI privacy requirements. SMMC's sole obligation shall be to make the secured document storage area available in accordance with Article III.

K. SMMC and DBH shall protect from unauthorized use or disclosure names and other identifying information concerning persons receiving services pursuant to this MOU, except for statistical

information not identifying any client. DBH and SMMC shall not use or disclose any identifying information for any other purpose other than carrying out the obligations under this MOU, except as may be otherwise permitted or required by law. This provision will remain in force even after the termination of the MOU.

L. SMMC and DBH agree they will collaborate in providing In-Service Training to SMMC staff on the services offered under this MOU and any relevant policies/procedures, including the Authorization to Release of Protected Health Information Policy and Procedure.

VII. RIGHT TO MONITOR AND AUDIT

A. Agency will collaborate with DBH in the implementation, monitoring and evaluation of this MOU and share information as needed.

B. Agency shall provide all reasonable facilities and assistance for the safety and convenience of DBH's representative in the performance of monitoring or auditing duties. Any supervisory or administrative inspections and evaluations shall be performed in such a manner as will not unduly delay the work of SMMC.

C. Agency shall comply with all local, State and Federal regulations regarding local, State and Federal Performance Outcomes measurements requirements and participate in the outcomes measurement process, as required by the State and/or DBH. For MHSA programs, Agency agrees to meet the goals and intention of the program as indicated in the related MHSA Component Plan and most recent up dates.

D. Agency shall comply with all requests regarding local, State and Federal Performance Outcomes measurement requirements and participate in the outcomes measurement process as requested.

VIII. TERM

This Memorandum of Understanding (MOU) is effective as of September 26, 2017 to June 30, 2022, but may be terminated earlier in accordance with provisions of Section IX of this MOU.

IX. EARLY TERMINATION

A. This MOU may be terminated without cause upon thirty (30) days written notice by either party. DBH Director is authorized to exercise DBH's rights with respect to any termination of this MOU. The SMMC, CFO, or his/her appointed designee, has authority to terminate this MOU on behalf of SMMC and/or St. Joseph Health.

X. GENERAL PROVISIONS

A. No waiver of any of the provisions of the MOU documents shall be effective unless it is made in a writing which refers to provisions so waived and which is executed by the Parties. No course of dealing and no delay or failure of a Party in exercising any right under any MOU document shall affect any other or future exercise of that right or any exercise of any other right. A Party shall not be precluded from exercising a right by its having partially exercised that right or its having previously abandoned or discontinued steps to enforce that right.

B. Any alterations, variations, modifications, or waivers of provisions of the MOU, unless specifically allowed in the MOU, shall be valid only when they have been reduced to writing, duly signed and approved by the Authorized Representatives of both parties as an amendment to this MOU. No oral understanding or agreement not incorporated herein shall be binding on any of the Parties hereto.

C. DBH shall screen each DBH Employee prior to assigning employee to St. Mary Medical Center in accordance with the terms of the Qualifications of Agency Employees Guide for St. Joseph's Hospital, including but not limited to policies and procedures consistent with the published standards of the Joint Commission. DBH shall certify to SMMC that each DBH Employee has met such screening criteria and shall provide evidence to agency upon request. DBH represents and warrants that at all times during the term of the MOU, each DBH Employee who provides services to agency, pursuant to this MOU, has the education, training, and licensure to provide the requested services, shall not have been excluded from any federal or state health care programs, and shall meet such other requirements of agency as set forth by agency's, Qualifications of Agency Employees Policy and Guidelines.

D. In the performance of each party's duties and obligations under this agreement, it is mutually understood and agreed that the parties are at all times acting and performing as independent contractors of each other, and nothing in this agreement is intended, nor shall be construed, to create between SMMC and DBH a relationship of employer/employee or a joint venture.

E. To the extent required by the rules of the Medicare program, the language of Section 1861(v)(1)(I) of the Social Security Act is deemed incorporated herein by reference.

XI. CONCLUSION

A. This MOU, consisting of twelve pages (12) is the full and complete document describing services to be rendered by SMMC to DBH including all covenants, conditions and benefits.

B. The signatures of the Parties affixed to this MOU affirm that they are duly authorized to commit and bind their respective departments to the terms and conditions set forth in this document.

COUNTY OF SAN BERNARDINO
Department of Behavioral Health

Name: Veronica Kelley
Title: Director
Address: 303 E. Vanderbilt Way
San Bernardino, CA 92415

Date: 9/15/17

St. Mary's Medical Center

Name: Tracey Fernandez
Title: Chief Financial Officer
Address: 18300 US Highway 18
Apple Valley, CA 92307

Date: 9/13/17

COUNTY OF SAN BERNARDINO

► Robert A Lovingood

Robert A. Lovingood, Chairman, Board of Supervisors

Dated SEP 26 2017

SIGNED AND CERTIFIED THAT A COPY OF THIS DOCUMENT HAS BEEN DELIVERED TO THE CHAIRMAN OF THE BOARD

Laura H. Welch
Clerk of the Board of Supervisors
of the County of San Bernardino

By _____

BOARD OF SUPERVISORS SAN BERNARDINO COUNTY, CA

Exhibit 11 to Section 999.5(d)(5)(I)

Vendor: County of San Bernardino on behalf of ARMC (Transfer Agreement)

☐ New Agreement **OR** ☑ Existing Agreement (attach most recent annual contract evaluation) N/A

Type of Agreement:

☐ Clinical Affiliation ☐ Physician ☑ Transfer
☐ Service ☐ Software ☐ Staffing
☐ Consulting ☐ Lease ☐ Equipment
☐ Other: _____

Effective Date: March 13, 2018

Expiration Date: March 12, 2023

St. Joseph Health
St. Mary

CONTRACT COVER SHEET

Justification (why is this contract needed?):
Transfer of Patients for higher level of care

What is the cost impact of this contract? How did you calculate this amount?: N/A

Documentation attached:

☑ OIG Query
http://exclusions.oig.hhs.gov/
☑ GSA Query
(https://www.sam.gov/portal/public/SAM/#1)
☐ Business Associate Agreement
(not required for Clinical Affiliation Agreements)
☐ Conflict of Interest Statement Attached?

SJHS Legal Review?

☐ Template
☐ e-mail attached
☑ N/A County Agreement

Does director have invoice sign-off authority up to authorized amount?

☐ Yes ☐ No N/A

Is annual contract evaluation required?

☐ Yes ☐ No N/A

QA/PI (PIAC) Reporting:
If one or more of the following criteria are checked, QA PI reporting is required and the attached document must be integrated at time of evaluation.

☐ Indirect Patient Contact
☐ Direct Patient Contact N/A

Physician Agreements:
Is Fair Market Value within the 25th to 75th percentile? *(If no, Board approval is required)*

☐ Yes ☐ No ☑ N/A

Date of Board approval: _____

☐ Documentation of Need attached

Reviewed by:

N/A Donna M Smith
Reviewed by Department Director (Signature) 1-31-18 Date

N/A
Reviewed by Vice President (Signature) Date

Does this agreement include staff not employed by SMMC? ☐ Yes* ☑ No
** If yes, agreement must be referred to Vice President of Human Resources for review*

N/A
Reviewed by Vice President, Human Resources (Signature) Date

Are other departments involved? ☐ Yes* ☑ No
** If yes, agreement must be referred to involved department Vice President for review*

N/A
Reviewed by Vice President (Signature) Date

N/A
VP, Strategic Services (Signature) for physician contracts only Date

Tracey Fernandez 1/30/18
Reviewed by CFO (Signature) Date

Reviewed by COO (Signature) 1/31/18 Date

(only physician contracts require CEO review/signature)

N/A
Reviewed by CEO (Signature) Date

Copies sent to:

Finance Department Tracey Fernandez
Department Director Donna Smith
Vice President ~~N/A~~ N/A
Other N/A

REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS OF SAN BERNARDINO COUNTY, CALIFORNIA AND RECORD OF ACTION

March 13, 2018

FROM: **WILLIAM L. GILBERT, Director**
Arrowhead Regional Medical Center

SUBJECT: **NON-FINANCIAL RECIPROCAL TRANSFER AGREEMENT WITH ST. MARY MEDICAL CENTER FOR PATIENTS REQUIRING HIGHER LEVEL OF CARE**

RECOMMENDATION(S)

Approve Non-Financial Reciprocal Transfer **Agreement No. 18-105** with St. Mary Medical Center to allow for the transfer of patients who require higher level of care and services for the five-year period of March 13, 2018 through March 12, 2023.
(Presenter: William L. Gilbert, Director, 580-6150)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS AND OBJECTIVES

Provide for the Safety, Health and Social Service Needs of County Residents.

FINANCIAL IMPACT

Approval of this Non-Financial Reciprocal Transfer Agreement will not result in the use of Discretionary General Funding (Net County Cost) as costs for patient care services provided at Arrowhead Regional Medical Center (ARMC) will be funded by State Medi-Cal, Federal Medicare, private insurances, and other departmental revenue. No funds will be exchanged between ARMC and St. Mary Medical Center (St. Mary) for the transfer of patients, as each facility will be responsible for the costs associated with patient care provided at their facility. Sufficient appropriation and revenue are included in the ARMC 2017-18 budget and will be included in future recommended budgets.

BACKGROUND INFORMATION

Transfer agreements with other facilities assist in the facilitation of continuity of care and timely transfer of patients and their records between facilities. The recommended non-financial reciprocal transfer agreement will allow ARMC to accept and transfer patients who require specialized higher level of care to and from St. Mary. All patient transfers shall be made in accordance with applicable federal and state laws and regulations, standards of regulatory agencies, and reasonable policies and procedures of each facility. The transfer agreement provides for the safety, health and social service needs of County residents by ensuring cooperation between facilities for the provision of higher level of patient care.

cc: ARMC - Gilbert w/ agree
Contractor c/o ARMC w/ agree
CAO - Stout
File - w/ agree
MR 03/19/2018

Record of Action of the Board of Supervisors

APPROVED (CONSENT CALENDAR)
COUNTY OF SAN BERNARDINO
Board of Supervisors

MOTION	AYE	AYE	ABSENT	MOVE	SECOND
	2		3	4	5

LAURA H. WELCH, CLERK OF THE BOARD

BY MR

DATED: March 13, 2018

ITEM 11

Rev 7-12-16

State and Federal mandates require that when a specialized healthcare facility with the ability to provide a patient with higher level of care is contacted by an admitting hospital that is unable to provide specific care for a patient, the specialized healthcare facility must accept the transfer of the patient, if the receiving facility has the capacity to treat the patient.

The recommended transfer agreement outlines the responsibilities of each healthcare facility in regards to the transfer of patients for higher level of care. These responsibilities include, but are not limited to: physician communications, coordinating patient transfers, and the transmission of information and patient medical records. Each entity will pursue payment for services rendered on their own behalf via State Medi-Cal, Federal Medicare, and private insurances.

The recommended transfer agreement may be terminated by either party, for any reason, upon 30 days prior written notice to the other party.

PROCUREMENT
Not applicable.

REVIEW BY OTHERS
This item has been reviewed by County Counsel (Frank Salazar, County Counsel, 387-5455) on February 8, 2018; Finance (Dennis Stout, Jr., Administrative Analyst, 580-3165) on February 22, 2018; and County Finance and Administration (Valerie Clay, Deputy Executive Officer, 387-5423) on February 22, 2018.

SAN BERNARDINO COUNTY

Contract Number
18-105

SAP Number

ARROWHEAD REGIONAL MEDICAL CENTER

Department Contract Representative	William L. Gilbert
Telephone Number	(909) 580-6150
Contractor	St. Mary Medical Center
Contractor Representative	
Telephone Number	(760) 242-2311
Contract Term	March 13, 2018 – March 12, 2023
Original Contract Amount	Non-Financial
Amendment Amount	
Total Contract Amount	Non-Financial
Cost Center	

IT IS HEREBY AGREED AS FOLLOWS:

WITNESSETH

This Agreement is entered into by and among the County of San Bernardino, hereinafter referred to as "County," on behalf of Arrowhead Regional Medical Center, hereinafter referred to as "Medical Center," and St. Mary Medical Center hereinafter referred to as "Facility."

WHEREAS, the parties have determined that it would be in the best interest of patient care to enter into a transfer agreement for the transfer of patients from Facility to Medical Center for higher level of care:

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein, the parties agree as follows:

Auditor-Controller/Treasurer/Tax Collector Use Only	
☐ Contract Database	☐ FAS
Input Date	Keyed By

I. TRANSFER ARRANGEMENTS

A. A physician at the FACILITY shall determine and document that the individual is appropriate for transfer in accordance with all applicable Federal and State laws and regulations, the Healthcare Facilities Accreditation Program (HFAP) and any other applicable bodies as well as with applicable requirements of the FACILITY'S transfer policy.

B. A physician or personnel at the FACILITY shall telephonically notify a physician at MEDICAL CENTER and obtain consent to transfer and confirmation that the individual meets the MEDICAL CENTER'S admission criteria relating to appropriate bed, personnel and equipment, and that the MEDICAL CENTER has the capability to treat the individual.

C. The FACILITY shall arrange and coordinate the method of transportation of the individual to the MEDICAL CENTER and shall assume responsibility for the individual's care and safety during transport. A physician at the FACILITY shall, given the individual's condition, designate the appropriate level of care, including qualified personnel and appropriate equipment needed during the transfer. MEDICAL CENTER shall not be responsible for the individual until arrival at MEDICAL CENTER.

D. Personnel and/or a physician at FACILITY shall send to the MEDICAL CENTER, with the individual, all information concerning the individual, which is required to ensure continuity of care, including but not limited to, a transfer summary, copies of appropriate portions of the individual's medical record, and any other information which is appropriate or required by Federal or State law or regulation. Medical records that are maintained by each party shall remain the property of that party.

E. A physician at FACILITY shall notify the individual or individual's legal representative of the transfer and shall provide any additional information required by State and Federal law or regulation and shall secure the written consent of the individual or the individual's legal representative, to the transfer; except that notification is not required where the individual is unaccompanied; where reasonable efforts have been made to locate a representative of the individual; and, where notification of the individual is not possible due to the individual's physical or mental condition. Written acknowledgement of notification shall be appropriately documented and obtained in writing in accordance with appropriate Federal or State laws or regulations.

F. Personnel at FACILITY shall be responsible for assuring that the individual is accompanied by any personal effects that the individual brought to FACILITY, or shall otherwise make appropriate disposition of the individual's personal effects to the individual's legal representative or family.

G. MEDICAL CENTER agrees to accept and provide appropriate medical treatment to each individual for whom a physician at MEDICAL CENTER and MEDICAL CENTER has consented and confirmed acceptance of transfer.

H. FACILITIES agree to meet the expectations identified below, relative to the safe quality provision of care, treatment, and/or service:

1. Abide by applicable law, regulation, and FACILITY policy in the provision of care, treatment, and service.
2. Abide by applicable standards of accrediting and certifying agencies to which the FACILITY itself must adhere.
3. Provide a level of care, treatment, and service that would be comparable had the FACILITY provided such care, treatment, and service itself.

4. Actively participate in the FACILITY quality improvement program, responds to concerns regarding care, treatment, and service rendered, and undertakes corrective actions necessary to address issues identified.
5. Assure that care, treatment, and/or service is provided in a safe, effective, efficient, and timely manner emphasizing the need to – as applicable to the scope and nature of the contract service – improve health outcomes and prevent and reduce medical errors.

I. 1. Facility shall accept the return of individuals who were originally transferred from Facility to Medical Center for specialized hospital services and the specialized hospital services are completed at Medical Center as determined in the professional medical judgement of the individual attending physicians at Medical Center.

II. GENERAL PROVISIONS

A. Legality and Severability
The parties' actions under the Contract shall comply with all applicable laws, rules, regulations, court orders and governmental agency orders. The provisions of this Contract are specifically made severable. If a provision of the Contract is terminated or held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall remain in full effect.

B. Representation of the County
In the performance of this Contract, Facility, its agents and employees, shall act in an independent capacity and not as officers, employees, or agents of the County of San Bernardino.

C. Relationship of the Parties
Nothing contained in this Contract shall be construed as creating a joint venture, partnership, or employment arrangement between the Parties hereto, nor shall either Party have the right, power or authority to create an obligation or duty, expressed or implied, on behalf of the other Party hereto.

D. Primary Point of Contact
The parties will designate an individual to serve as the primary point of contact for the Contract. Each party or designee must respond to the other parties' inquiries within two (2) business days. The parties shall not change the primary contact without written acknowledgement to the other party. Each party will also designate a back-up point of contract in the event the primary contact is not available.

E. Change of Address
Each party shall notify the other party in writing, of any change in mailing address within ten (10) business days of the change.

F. Subcontracting
The parties agree not to enter into any subcontracting agreements for work contemplated under the Contract without first obtaining written approval from the other party. Any subcontracting shall be subject to the same terms and conditions as Facility. Each party shall be fully responsible for the performance and payments of any subcontractor's Contract.

G. Agreement Assignability
Without the prior written consent of the other party, the Contract is not assignable by either party either in whole or in part.

H. Agreement Modification
The parties agree any alterations, variations, modifications, or waivers of the provisions of the Contract, shall be valid only when reduced to writing, executed and attached to the original Contract and approved by the person(s) authorized to do so on behalf of Facility and County.

I. Duration of Terms
This Contract, and all of its terms and conditions, shall be binding upon and shall inure to the benefit of the heirs, executors, administrators, successors, and assigns of the respective parties, provided no such assignment is in violation of the provisions of this Contract.

J. Time of the Essence
Time is of the essence in performance of this Contract and of each of its provisions.

K. Strict Performance
Failure by a party to insist upon the strict performance of any of the provisions of this Contract by the other party, or the failure by a party to exercise its rights upon the default of the other party, shall not constitute a waiver of such party's right to insist and demand strict compliance by the other party with the terms of this Contract thereafter.

L. Mutual Covenants
The parties to this Contract mutually covenant to perform all of their obligations hereunder, to exercise all discretion and rights granted hereunder, and to give all consents in a reasonable manner consistent with the standards of "good faith" and "fair dealing".

M. Contract Exclusivity
This is not an exclusive Contract. The parties reserve the right to enter into a contract with other Facilities for the same or similar services.

N. Notification Regarding Performance
In the event of a problem or potential problem that could impact the quality or quantity of work, services, or the level of performance under the Contract, the parties agree to notify the other party within one (1) working day, in writing and by telephone.

O. Attorney's Fees and Costs
If any legal action is instituted to enforce any party's rights hereunder, each party shall bear its own costs and attorney fees, regardless of who is the prevailing party. This paragraph shall not apply to those costs and attorney fees directly arising from a third-party legal action against a party hereto and payable under Indemnification and Insurance Requirements.

P. Venue
The parties acknowledge and agree that this Contract was entered into and intended to be performed in San Bernardino County, California. The parties agree that the venue of any action or claim brought by any party to this Contract will be the Superior Court of California, County of San Bernardino, San Bernardino District. Each party hereby waives any law or rule of the court, which would allow them to request or demand a change of venue. If any action or claim concerning this Contract is brought by any third-party and filed in another venue, the parties hereto agree to use their best efforts to obtain a change of venue to the Superior Court of California, County of San Bernardino, San Bernardino District.

Q. Choice of Law
This Contract shall be governed by and construed according to the laws of the State of California.

R. Licenses, Permits and/or Certifications
Each party shall ensure that it has all necessary licenses, permits and/or certifications required by the laws of Federal, State, County, and municipal laws, ordinances, rules and regulations. The parties shall maintain these licenses, permits and/or certifications in effect for the duration of this Contract. Each party will notify the other party immediately of loss or suspension of any such licenses, permits

and/or certifications. Failure to maintain a required license, permit and/or certification may result in immediate termination of this Contract.

S. Notification Regarding Performance
In the event of a problem or potential problem that could impact the quality or quantity of work, services, or the level of performance under this Agreement, each party shall notify the other party within one (1) working day, in writing and by telephone.

T. Conflict of Interest
Facility shall make all reasonable efforts to ensure that no conflict of interest exists between its officers, employees, or subcontractors and the County. Facility shall make a reasonable effort to prevent employees, Facility, or members of governing bodies from using their positions for purposes that are, or give the appearance of being motivated by a desire for private gain for themselves or others such as those with whom they have family business, or other ties. Officers, employees, and agents of cities, counties, districts, and other local agencies are subject to applicable conflict of interest codes and state law. In the event the County determines a conflict of interest situation exists, any increase in costs, associated with the conflict of interest situation, may be disallowed by the County and such conflict may constitute grounds for termination of the Contract. This provision shall not be construed to prohibit employment of persons with whom Facility's officers, employees, or agents have family, business, or other ties so long as the employment of such persons does not result in increased costs over those associated with the employment of any other equally qualified applicant.

U. Improper Consideration
Facility shall not offer (either directly or through an intermediary) any improper consideration such as, but not limited to cash, discounts, service, the provision of travel or entertainment, or any items of value to any officer, employee or agent of the County in an attempt to secure favorable treatment regarding this Contract.

The County, by written notice, may immediately terminate this Contract if it determines that any improper consideration as described in the preceding paragraph was offered to any officer, employee or agent of the County with respect to the proposal and award process. This prohibition shall apply to any amendment, extension or evaluation process once a contract has been awarded.

Facility shall immediately report any attempt by a County officer, employee or agent to solicit (either directly or through an intermediary) improper consideration from Facility. The report shall be made to the supervisor or manager charged with supervision of the employee or the County Administrative Office. In the event of a termination under this provision, the County is entitled to pursue any available legal remedies.

V. Former County Administrative Officials
Facility agrees to provide, or has already provided information on former County of San Bernardino administrative officials (as defined below) who are employed by or represent Facility. The information provided includes a list of former County administrative officials who terminated County employment within the last five years and who are now officers, principals, partners, associates or members of the business. The information also includes the employment with or representation of Facility. For purposes of this provision, "County administrative official" is defined as a member of the Board of Supervisors or such officer's staff, County Executive Officer or member of such officer's staff, County department or group head, assistant department or group head, or any employee in the Exempt Group, Management Unit or Safety Management Unit.

W. Improper Influence
Facility shall make all reasonable efforts to ensure that no County officer or employee, whose position in the County enables him/her to influence any award of the Contract or any competing offer, shall have

any direct or indirect financial interest resulting from the award of the Contract or shall have any relationship to the Facility or officer or employee of the Facility.

X. Material Misstatement/Misrepresentation
If during the course of the administration of this Contract, the County determines that Facility has made a material misstatement or misrepresentation or that materially inaccurate information has been provided to the County, this Contract may be immediately terminated. If this Contract is terminated according to this provision, the County is entitled to pursue any available legal remedies.

Y. Release of Information
No news releases, advertisements, public announcements or photographs arising out of the Contract or the parties' relationship with each other may be made or used without prior written approval of each party.

Z. Employment Discrimination
During the term of the Contract, the parties shall not willfully discriminate against any employee or applicant for employment because of race, religion, color, national origin, ancestry, physical handicap, medical condition, gender, marital status, age, political affiliation, disability or sexual orientation. The parties shall comply with Executive Orders 11246, 11375, 11625, 12138, 12432, 12250, Title VII of the Civil Rights Act of 1964, the California Fair Housing and Employment Act and other applicable Federal, State and County laws and regulations and policies relating to equal employment and contracting opportunities, including laws and regulations hereafter enacted.

AA. Informal Dispute Resolution
In the event that a party determines that service is unsatisfactory, or in the event of any other dispute, claim, question or disagreement arising from or relating to this Contract or breach thereof, the parties hereto shall use their best efforts to settle the dispute, claim, question or disagreement. To this effect, they shall consult and negotiate with each other in good faith and, recognizing their mutual interests, attempt to reach a just and equitable solution satisfactory to both parties.

BB. Records
The parties shall maintain all records and books pertaining to the delivery of services under this Contract and demonstrate accountability for contract performance. All records shall be complete and current and comply with all Contract requirements. Failure to maintain acceptable records shall be considered grounds for withholding of payments for invoices submitted and/or termination of the Contract.

All records relating to the parties' personnel, consultants, subcontractors, Services/Scope of Work and expenses pertaining to this Contract shall be kept in a generally acceptable accounting format. Records should include primary source documents. Fiscal records shall be kept in accordance with Generally Accepted Accounting Principles and must account for all funds, tangible assets, revenue and expenditures. Fiscal records must comply with the appropriate Office of Management and Budget (OMB) Circulars which state the administrative requirements, cost principles and other standards for accountancy.

CC. Health Insurance Portability and Accountability Act (HIPAA)
The parties agree to comply with all applicable provisions of the Health Insurance Portability and Accountability Act (HIPAA), 42 United States Code 1320d et seq., and its implementing regulations, including but not limited to, 45 Code of Federal Regulations Parts 160, 162 and 164, and patient confidentiality laws, including but not limited to California Civil Code 56 et seq., and Health and Safety Code 1280.15 and 130200 et seq., and the requirements of the Health Information

Technology for Economic and Clinical Health Act (HITECH), as incorporated in the American Recovery and Reinvestment Act of 2009, Public Law 111-5 and any implementing regulations.

III. FISCAL PROVISIONS

A. FACILITY and MEDICAL CENTER shall bill in accordance with their usual and customary practices, those parties financially responsible for the care rendered to the individual by their respective facility. Neither party shall have liability to the other for the other party's charges. Each facility agrees to provide information in its possession to the other facility and such physicians or professional providers sufficient to enable them to bill the patient, responsible party, or appropriate third party payor. MEDICAL CENTER will verify the patient's ability to pay based on their income and Federal Poverty Guidelines.

IV. INDEMINIFICATION AND INSURANCE REQUIREMENTS

A. Indemnification

The Facility agrees to indemnify, defend (with counsel reasonably approved by County) and hold harmless the County and its authorized officers, employees, agents and volunteers from any and all claims, actions, losses, damages and/or liability directly or indirectly arising out of or resulting from performance of the Facility's work under this Contract. The Facility indemnification obligation does not apply to the County's "sole negligence" or "willful misconduct" within the meaning of Civil Code section 2782.

County agrees to indemnify, defend and hold harmless Facility, its employees, and authorized agents from any and all claims, actions, losses, damages and/or liability arising out of this Agreement resulting from the negligent acts, errors or omissions of the County, its authorized officers, employees, agents or volunteers. Facility agrees to give County notice in writing within thirty (30) days of any claim made against it on the obligations covered hereby.

In the event the County and/or Facility are found to be comparatively at fault for any claim, action, loss or damage, which results from their respective obligations under this Agreement, the County and/or Facility shall indemnify the other to the extent of its comparative fault.

B. Additional Insured

All policies, except for Worker's Compensation, Errors and Omissions and Professional Liability policies shall contain additional endorsements naming the County and its officers, employees, agents and volunteers as additional named insured with respect to liabilities arising out of the performance of services hereunder. The additional insured endorsements shall not limit the scope of coverage for the County to vicarious liability but shall allow coverage for the County to the full extent provided by the policy. Such additional insured coverage shall be at least as broad as Additional Insured (Form B) endorsement form ISO, CG 2010.11 85.

C. Waiver of Subrogation Rights

The Facility shall require the carriers of required coverages to waive all rights of subrogation against the County, its officers, employees, agents, volunteers, contractors and subcontractors. All general or auto liability insurance coverage provided shall not prohibit the Facility and Facility's employees or agents from waiving the right of subrogation prior to a loss or claim. The Facility hereby waives all rights of subrogation against the County.

D. Policies Primary and Non-Contributory

All policies required herein are to be primary and non-contributory with any insurance or self-insurance programs carried or administered by the County.

E. Severability of Interests
The Facility agrees to ensure that coverage provided to meet these requirements is applicable separately to each insured and there will be no cross liability exclusions that preclude coverage for suits between the Facility and the County or between the County and any other insured or additional insured under the policy.

F. Proof of Coverage
The Facility shall furnish Certificates of Insurance to the County Department administering the Contract evidencing the insurance coverage at the time the Contract is executed, additional endorsements, as required shall be provided prior to the commencement of performance of services hereunder, which certificates shall provide that such insurance shall not be terminated or expire without thirty (30) days written notice to the Department, and Facility shall maintain such insurance from the time Facility commences performance of services hereunder until the completion of such services. Within fifteen (15) days of the commencement of this contract, the Facility shall furnish a copy of the Declaration page for all applicable policies and will provide complete certified copies of the policies and endorsements immediately upon request.

G. Acceptability of Insurance Carrier
Unless otherwise approved by Risk Management, insurance shall be written by insurers authorized to do business in the State of California and with a minimum "Best" Insurance Guide rating of "A- VII".

H. Deductibles and Self-Insured Retention
Any and all deductibles or self-insured retentions in excess of $10,000 shall be declared to and approved by Risk Management.

I. Failure to Procure Coverage
In the event that any policy of insurance required under this contract does not comply with the requirements, is not procured, or is canceled and not replaced, the County has the right but not the obligation or duty to cancel the contract or obtain insurance if it deems necessary and any premiums paid by the County will be promptly reimbursed by the Facility or County payments to the Facility will be reduced to pay for County purchased insurance.

J. Insurance Review
Insurance requirements are subject to periodic review by the County. The Director of Risk Management or designee is authorized, but not required, to reduce, waive or suspend any insurance requirements whenever Risk Management determines that any of the required insurance is not available, is unreasonably priced, or is not needed to protect the interests of the County. In addition, if the Department of Risk Management determines that heretofore unreasonably priced or unavailable types of insurance coverage or coverage limits become reasonably priced or available, the Director of Risk Management or designee is authorized, but not required, to change the above insurance requirements to require additional types of insurance coverage or higher coverage limits, provided that any such change is reasonable in light of past claims against the County, inflation, or any other item reasonably related to the County's risk.

Any change requiring additional types of insurance coverage or higher coverage limits must be made by amendment to this contract. Facility agrees to execute any such amendment within thirty (30) days of receipt.

Any failure, actual or alleged, on the part of the County to monitor or enforce compliance with any of the insurance and indemnification requirements will not be deemed as a waiver of any rights on the part of the County.

K. The Facility agrees to provide insurance set forth in accordance with the requirements herein. If the Facility uses existing coverage to comply with these requirements and that coverage does not meet the specified requirements, the Facility agrees to amend, supplement or endorse the existing coverage to do so.

Without in anyway affecting the indemnity herein provided and in addition thereto, the Facility shall secure and maintain throughout the contract term the following types of insurance with limits as shown:

1. Workers' Compensation/Employers Liability – A program of Workers' Compensation insurance or a state-approved, self-insurance program in an amount and form to meet all applicable requirements of the Labor Code of the State of California, including Employer's Liability with $250,000 limits covering all persons including volunteers providing services on behalf of the Facility and all risks to such persons under this contract.

   If Facility has no employees, it may certify or warrant to the County that it does not currently have any employees or individuals who are defined as "employees" under the Labor Code and the requirement for Workers' Compensation coverage will be waived by the County's Director of Risk Management.

   With respect to Facilities that are non-profit corporations organized under California or Federal law, volunteers for such entities are required to be covered by Workers' Compensation insurance.

2. Commercial/General Liability Insurance – The Facility shall carry General Liability Insurance covering all operations performed by or on behalf of the Facility providing coverage for bodily injury and property damage with a combined single limit of not less than one million dollars ($1,000,000), per occurrence. The policy coverage shall include:
   a. Premises operations and mobile equipment.
   b. Products and completed operations.
   c. Broad form property damage (including completed operations).
   d. Explosion, collapse and underground hazards.
   e. Personal injury.
   f. Contractual liability.
   g. $2,000,000 general aggregate limit.

3. Automobile Liability Insurance – Primary insurance coverage shall be written on ISO Business Auto coverage form for all owned, hired and non-owned automobiles or symbol 1 (any auto). The policy shall have a combined single limit of not less than one million dollars ($1,000,000) for bodily injury and property damage, per occurrence.

   If the Facility is transporting one or more non-employee passengers in performance of contract services, the automobile liability policy shall have a combined single limit of two million dollars ($2,000,000) for bodily injury and property damage per occurrence.

   If the Facility owns no autos, a non-owned auto endorsement to the General Liability policy described above is acceptable.

4. Umbrella Liability Insurance – An umbrella (over primary) or excess policy may be used to comply with limits or other primary coverage requirements. When used, the umbrella policy shall apply to bodily injury/property damage, personal injury/advertising injury and shall include a "dropdown" provision providing primary coverage for any liability not covered by the primary policy. The coverage shall also apply to automobile liability.

5. Professional Liability – Professional Liability Insurance with limits of not less than one million ($1,000,000) per claim and two million ($2,000,000) aggregate limits

or

Errors and Omissions Liability Insurance – Errors and Omissions Liability Insurance with limits of not less than one million ($1,000,000) and two million ($2,000,000) aggregate limits

or

Directors and Officers Insurance coverage with limits of not less than one million ($1,000,000) shall be required for Contracts with charter labor committees or other not-for-profit organizations advising or acting on behalf of the County.

If insurance coverage is provided on a "claims made" policy, the "retroactive date" shall be shown and must be before the date of the state of the contract work. The claims made insurance shall be maintained or "tail" coverage provided for a minimum of five (5) years after contract completion.

V. RIGHT TO MONITOR AND AUDIT

A. The County, State and Federal government shall have absolute right to review and audit all records, books, papers, documents, pertaining specifically to this contract, and other pertinent items as requested, and shall have absolute right to monitor the performance of Facility in the delivery of services provided under this Contract. Facility shall give full cooperation, in any auditing or monitoring conducted. Facility shall cooperate with the County in the implementation, monitoring, and evaluation of this Contract and comply with any and all reporting requirements established by the County.

B. All records pertaining to services delivered shall be available for examination and audit by County representatives for a period of three years after final payment under this Contract or until all pending County, State and Federal audits are completed, whichever is later.

I. EXCLUDED PROVIDERS

Facility shall comply with the United States Department of Health and Human Services (HHS), Office of Inspector General (OIG) requirements related to eligibility for participation in Federal and State health care programs. State and Federal law prohibits any payment to be made by Medicare, Medicaid (Medi-Cal) or any other federal health care program for any item or service that has been furnished by an individual or entity that has been excluded or has been furnished at the medical direction or prescription of a physician, or other authorized person, who is excluded when the person furnishing the item or service knew or had reason to know, of the exclusion.

Facility shall screen all current and prospective employees, physicians, partners and persons having five percent (5%) or more of direct ownership or controlling interest of the Facility for eligibility against the OIG's List of Excluded Individuals/Entities to ensure that ineligible persons are not employed or retained to provide services related to this contract. The OIG's website can be accessed at: http://oig.hhs.gov/fraud/exclusions.asp.

Facility shall have a policy regarding sanctioned or excluded employees, physicians, partners and owners that includes the requirement for these individuals to notify the Facility should the individual become sanctioned or excluded by OIG.

Facility shall immediately notify ARMC's Chief Compliance Officer should an employee, physician, partner or owner become sanctioned or excluded by OIG and/or HHS and prohibit such person from providing any services, either directly or indirectly, related to this contract.

II. CORRECTION OF PERFORMANCE DEFICIENCIES

A. Failure by Facility to comply with any of the provisions, covenants, requirements or conditions of this Contract shall be a material breach of this Contract.

B. In the event of a non-cured breach, County may, at its sole discretion and in addition to any other remedies available at law, in equity, or otherwise specified in this Contract, immediately terminate this Contract.

III. TERM OF CONTRACT

This Contract shall be effective as of March 13, 2018, through March 12, 2023, but may be terminated earlier in accordance with provisions of this Contract. The Contract term may be extended for one additional two-year period upon mutual written agreement of the parties. The Director of ARMC is authorized to initiate the termination on behalf of the County.

The County and the Facility each reserve the right to terminate the Contract, for any reason, with a ninety (90) day written notice of termination. Such termination may include all or part of the services described herein. Upon such termination, payment will be made to the Facility for services rendered and expenses reasonably incurred prior to the effective date of termination. Should either party fail to maintain its license or accreditation, or if either party is no longer able to provide the service for which this Contract was entered into, this Contract shall automatically terminate. Upon receipt of termination notice Facility shall promptly discontinue services unless the notice directs otherwise.

IV. NOTICES

All written notices provided for in this Contract or which either party desires to give to the other shall be deemed fully given, when made in writing and either served personally, or by facsimile, or deposited in the United States mail, postage prepaid, and addressed to the other party as follows:

County of San Bernardino
Arrowhead Regional Medical Center
400 N. Pepper Avenue
Colton, CA 92324
Attn: Director

St. Mary Medical Center
18300 Highway 18
Apple Valley, CA 92307
Attn: Administrator

Notice shall be deemed communicated two (2) County working days from the time of mailing if mailed as provided in this paragraph.

V. ENTIRE AGREEMENT

This Contract, including all Exhibits and other attachments, which are attached hereto and incorporated by reference, and other documents incorporated herein, represents the final, complete and exclusive agreement between the parties hereto. Any prior agreement, promises, negotiations or representations relating to the subject matter of this Contract not expressly set forth herein are of no force or effect. This Contract is executed without reliance upon any promise, warranty or representation by any party or any representative of any party other than those expressly contained herein. Each party has carefully read this Contract and signs the same of its own free will.

IN WITNESS WHEREOF, the County of San Bernardino and the Facility have each caused this Contract to be subscribed by its respective duly authorized officers, on its behalf.

BOARD OF SUPERVISORS

▶ Robert A Lovingood

Robert A. Lovingood, Chairman, Board of Supervisors

Dated: MAR 13 2018

SIGNED AND CERTIFIED THAT A COPY OF THIS DOCUMENT HAS BEEN DELIVERED TO THE CHAIRMAN OF THE BOARD

Laura H. Welch
Clerk of the Board of Supervisors
of the County of San Bernardino

By MR Deputy

St. Mary Medical Center
(Print or type name of corporation, company, contractor, etc.)

By Marilyn Drone
(Authorized signature - sign in blue ink)

Name marilyn Drone
(Print or type name of person signing contract)

Title Executive VP, CNO/COO
(Print or Type)

Dated: 02/12/2018

Address 18300 Highway 18
Apple Valley, CA 92307

FOR COUNTY USE ONLY

Approved as to Legal Form	Reviewed for Contract Compliance	Reviewed/Approved by Department
▶ Frank Salazar, County Counsel	▶	▶ William L. Gilbert, Director
Date 2-26-18	Date	Date 2/27/18

Exhibit 12 to Section 999.5(d)(5)(I)

Challenged to Excellence
PROBATION
COUNTY OF SAN BERNARDINO

JERRY L. HARPER
Chief Probation Officer

Deputy Chiefs
D. SCOTT FRYMIRE
MELVIN L. RINEWALT
Acting Deputy Chief
GEORGE POST

June 28, 2004

387-5692

Medical Billing Department

SAN BERNARDINO COUNTY PROBATION DEPARTMENT'S PAYMENT POLICY AND PROCEDURES FOR MEDICAL TREATMENT FOR JUVENILES

Emergency and Outpatient Care to Pre-Booking Juveniles

The County of San Bernardino will pay healthcare providers the reasonable value for emergency and outpatient medical care rendered to those in the custody of law enforcement officers under the circumstances described below. These costs will be paid at a uniform percentage rate outlined in attachment "A" when all of the following conditions are met:

1. The patient was at any time under arrest for violations of State law or County ordinance, and
2. The patient was ineligible for third-party coverage,
3. The patient was remanded directly to one of San Bernardino County Juvenile Detention and Assessment Center Department facilities **following medical treatment** where he/she was issued a San Bernardino County booking number.

Basic claim requirements include:

- A complete UB-92 with itemized billing or HCFA-1500 form; and,
- Emergency room or outpatient notes.

Emergency and Inpatient Care to Juvenile Inmates

The County of San Bernardino will pay healthcare providers the reasonable value for emergency and inpatient medical care rendered to juvenile inmates during the time they were in the custody of a San Bernardino County Juvenile Detention and Assessment Center under the circumstances described below. These costs will be paid at a uniform percentage rate outlined in Attachment "A" when all of the following conditions are met:

ATTACHMENT "A"

SAN BERNARDINO COUNTY PROBATION DEPARTMENT
POLICY AND PROCEDURES FOR
MEDICAL TREATMENT FOR JUVENILE INMATES AT
BEAR VALLEY COMMUNITY HOSPITAL

PAYMENT SCHEDULE

Payment Schedule for PRE-BOOKING ARRESTEES

Inpatient Services	**NOT COVERED**
Emergency Services	**24% of Billed Charges ($1200.00 Max)**
Outpatient Services	**24% of Billed Charges ($1000.00 Max)**
Ambulance and Paramedic Services	**NOT COVERED**

Payment Scheduled for Incarcerated Minors

Inpatient Services	**24% of Billed Charges ($1200.00 Max/Day)***
Emergency Services	**24% of Billed Charges ($1200.00 Max)***
Outpatient Services	**24% of Billed Charges ($1000.00 Max)***
Ambulance and Paramedic Services	**24% of Billed Charges**

***All payments subject to pre-authorization requirements prior to services being rendered.**

All services subject to medical necessity review.

ATTACHMENT "A"

SAN BERNARDINO COUNTY PROBATION DEPARTMENT
POLICY AND PROCEDURES FOR
MEDICAL TREATMENT FOR JUVENILE INMATES

PAYMENT SCHEDULE

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Outpatient Services	**24% of Billed Charges ($1000.00 Max)**
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Payment Scheduled for Incarcerated Minors

Inpatient Services	**24% of Billed Charges ($1200.00 Max/Day)***
Emergency Services	**24% of Billed Charges ($1200.00 Max)***
Outpatient Services	**24% of Billed Charges ($1000.00 Max)***
Ambulance and Paramedic Services	**24% of Billed Charges**

***All payments subject to pre-authorization requirements prior to services being rendered.**

All services subject to medical necessity review.

1. The patient was in the custody of the San Bernardino Juvenile Probation Department for violations of State law or County ordinance, and
2. The Department of Probations Supervising Institutional Nurse or Medical Director/Pediatrician has authorized admission and services.

Basic claim requirements include:

- A completed UB-92 with itemized billing or HCFA-1500 form; and,
- Inpatient and/or emergency medical records, and
- A completed Urgent Medical Referral Form, which authorizes admission and services.

In all cases, it is the responsibility of the treatment provider to ensure that forms are completed. Failure to do so will cause a delay or denial of the claim. Additionally, the Department **will not pay** for care provided to patients refusing treatment at County facilities in favor of a private provider, claims submitted more than 60 days from the date of service, patients cited out without going directly to Juvenile Detention Center following medical treatment. The County reserves the right to refuse payment on claims when medical necessity is not determined. This rate supersedes all previous agreements.

All claims meeting the requisite criteria should be forwarded to:

San Bernardino County Probation Department
Fiscal Services
900 East Gilbert Street
San Bernardino, CA 92415-0941

Should you have any questions or need additional information, please contact the Probation Department's Fiscal Services at (909) 387-6915.

Sincerely,

Jerry L. Harper
Chief Probation Officer

Attachment

ATTACHMENT "A"

SAN BERNARDINO COUNTY PROBATION DEPARTMENT
POLICY AND PROCEDURES FOR
MEDICAL TREATMENT FOR JUVENILE INMATES AT
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Outpatient Services	24% of Billed Charges ($1000.00 Max)*
Ambulance and Paramedic Services	24% of Billed Charges

*All payments subject to pre-authorization requirements prior to services being rendered.

All services subject to medical necessity review.

Challenged to Excellence
PROBATION
COUNTY OF SAN BERNARDINO

JERRY L. HARPER
Chief Probation Officer

Deputy Chiefs
D. SCOTT FRYMIRE
MELVIN L. RINEWALT
Acting Deputy Chief
GEORGE POST

June 28, 2004

Medical Billing Department

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In all cases, it is the responsibility of the treatment provider to ensure that forms are completed. Failure to do so will cause a delay or denial of the claim. Additionally, the Department **will not** pay for care provided to patients refusing treatment at County facilities in favor of a private provider, claims submitted more than 60 days from the date of service, patients cited out without going directly to Juvenile Detention Center following medical treatment. The County reserves the right to refuse payment on claims when medical necessity is not determined. This rate supersedes all previous agreements.

All claims meeting the requisite criteria should be forwarded to:

San Bernardino County Probation Department
Fiscal Services
900 East Gilbert Street
San Bernardino, CA 92415-0941

Should you have any questions or need additional information, please contact the Probation Department's Fiscal Services at (909) 387-6915.

Sincerely,

Jerry L. Harper
Chief Probation Officer

Attachment

DIVISION OF CORRECTIONAL HEALTH CARE SERVICES
P.O. Box 942883
Sacramento, CA 94283-0001

mesrak

Date: 2005

St. Mary Medical Center
18300 US Highway 18
Apple Valley, CA 92307-2206

RE: IMPLEMENTATION OF PENAL CODE SECTION 5023.5 (EMERGENCY HEALTHCARE SERVICES; REIMBURSEMENT FOR SERVICES NOT UNDER CONTRACT; DETERMINATION OF ALLOWABLE COSTS)

Dear Chief Executive Officer:

This letter is to provide all emergency hospital providers with information regarding the California Department of Corrections and Rehabilitation's (CDCR) implementation of Penal Code (PC) Section 5023.5, which became effective as of July 1, 2004.

Enclosed for your reference is a copy of PC Section 5023.5. This PC Section mandates the CDCR to contract for emergency hospital services at rates that are in line with Medicare (MC) rates when no approved contract is in place, pursuant to Section 489.24 of Title 42 of the Code of Federal Regulations. Should the CDCR and the provider be unable to reach a rate agreement for emergency hospital services, PC Section 5023.5 may be invoked to reimburse a provider outside the State's formal contracting process.

Because the CDCR endeavors to build and maintain positive business relationships with its emergency hospital providers, all hospitals are encouraged to contract with the Department and actively participate in negotiating rates for emergency hospital care. Historically, due to the State's mandated contracting and negotiating requirements, the timeframes involved for establishing emergency hospital contracts has often exceeded six (6) months for completion. Thus, to reduce the negotiating period, avoid the obstacles that may be faced when preparing after-the-fact contracts and provide timely reimbursements, the CDCR has established a guideline by which to complete the negotiating process.

The Division of Correctional Health Care Services (DCHCS), Health Contract Services (HCSU), will implement PC Section 5023.5 for all non-contracted emergency hospital services beginning ninety (90) days from the date of HCSU's receipt of the provider's invoice(s). Please note that, provided a hospital forwards its invoice(s) to the CDCR immediately following services, it may take approximately twenty (20) to thirty (30) days before the HCSU receives the invoice(s) and contract request(s) from the institution(s). Should the provider opt to contract with the CDCR and/or soon after HCSU's receipt of the above-mentioned documents, copies of the provider's Charge Description Master and

above-mentioned documents, copies of the provider's Charge Description Master and hospital proposal for emergency services may be requested prior to commencing the negotiating and contracting processes. If after ninety (90) days, the CDCR and provider fail to negotiate mutually agreeable rates for services that have been provided, the provider will be notified of the Department's intent to invoke PC Section 5023.5.

If your hospital has any questions or comments regarding the contents of this letter, please contact Sharon Simas, Staff Services Manager (SSM II), HCSU, DCHCS, at (916) 324-0012.

Sincerely,

RENEE J. KANAN, M.D., M.P.H.
Director (A)
Division of Corrections Health Care Services

Enclosure

cc: Nadim K. Khoury, M.D., Deputy Director (A), Clinical Policy and Programs Branch
Yulanda Mynhier, Assistant Deputy Director (A), Health Care Administrative Operations Branch
Denny Sallade, SSMIII, Fiscal and Business Management Section
Sharon Simas, SSM II, HCSU
Calvin Smith, Regional Administrator (A), Northern Region
Chris Chrones, Regional Administrator (A), Central Region

SEC. 89. Section 5023.5 is added to the Penal Code, to read:

5023.5. (a) Notwithstanding any other provision of law, the Department of Corrections and the Department of the Youth Authority may contract with providers of emergency health care services. Hospitals that do not contract with the Department of Corrections or the Department of the Youth Authority for emergency health care services shall provide these services to these departments on the same basis as they are required to provide these services pursuant to Section 489.24 of Title 42 of the Code of Federal Regulations. Neither the Department of Corrections nor the Department of the Youth Authority shall reimburse a hospital that provides these services, and that the department has not contracted with, at a rate that exceeds the hospital's reasonable and allowable costs, regardless of whether the hospital is located within or outside of California.

(b) An entity that provides ambulance or any other emergency or nonemergency response service to the Department of Corrections or the Department of the Youth Authority, and that does not contract with the departments for that service, shall be reimbursed for the service at the rate established by Medicare. Neither the Department of Corrections nor the Department of the Youth Authority shall reimburse a provider of any of these services that the department has not contracted with at a rate that exceeds the provider's reasonable and allowable costs, regardless of whether the provider is located within or outside of California.

(c) The Department of Corrections and the Department of the Youth Authority shall work with the State Department of Health Services in obtaining hospital cost information in order to establish the costs allowable under this section. The State Department of Health Services may provide the Department of Corrections or the Department of the Youth Authority with hospital cost information that the State

Department of Health Services obtains pursuant to Sections 14170 and 14171 of the Welfare and Institutions Code.

(d) For the purposes of this section, "reasonable and allowable costs" shall be defined in accordance with Part 413 of Title 42 of the Code of Federal Regulations and federal Centers for Medicare and Medicaid Services Publication Numbers 15.1 and 15.2.

#23

11 Cal. Code Reg. Section 999.5(d)(5)(J)

Description of compliance with the Alfred E. Alquist Hospital Facilities Seismic Safety Act of 1983, as amended by the California Hospital Facilities Seismic Safety Act (Health & Saf. Code, § 129675-130070), for each health facility or facility that provides similar health care that is the subject of the agreement or transaction, including the certified Structural Performance Category of every building affected by the agreement or transaction and a copy of every final determination letter received from the Office of Statewide Health Planning and Development for every building affected by the agreement or transaction

1. Attached to this Section 999.5(d)(5)(J) as **Exhibit 1** is a copy of the KPFF seismic evaluation report, including all SMMC buildings subject to the Seismic Safety Act, including their Structural Performance Category (SPC) and Non-Structural Performance Category (NPC) ratings.

2. Attached to this Section 999.5(d)(5)(J) as **Exhibit 2** is a copy of the SPC/NPC ratings for all SMMC buildings (as of March 5, 2020) from the OSHPD website.

3. Attached to this Section 999.5(d)(5)(J) as **Exhibit 3** is a copy of the OSHPD letter, dated December 22, 2010, granting an extension of SMMC's NPC 3 compliance to January 1, 2030.

4. Attached to this Section 999.5(d)(5)(J) as **Exhibit 4** are copies of letters from OSHPD detailing OSHPD approval of SPC and NPC ratings for the SMMC buildings.

Exhibit 1 to Section 999.5(d)(5)(J)

kpff

ORIGINAL

ST. JOSEPH HEALTH SYSTEM
ST. MARY REGIONAL MEDICAL CENTER

SB 1953 SEISMIC EVALUATION REPORT
NON-STRUCTURAL PERFORMANCE CATEGORY (NPC-2)
REVISED

FACILITY No. 10695
KPFF PROJECT No. 1001294.01

DECEMBER 26, 2001

TABLE OF CONTENTS

SECTION 1: EXECUTIVE SUMMARY

1.1 Scope of Work

This report contains the seismic evaluation submittal and compliance plan for non-structural performance category 2 (NPC-2) as outlined by California Standard Administrative Code, Chapter 6 (Senate Bill 1953) for the St. Mary Regional Medical Center campus, which is a part of the St. Joseph Health System.

The 186 bed hospital is located on 18360 Hwy 18, Apple Valley. The key plan on sheet 2 identifies the buildings and their date of construction, which fall under SB 1953's review. These buildings and their respective mechanical plant building provide acute care services.

The non-structural evaluation report includes the following elements:

1. A written description of the evaluation methods and procedures conducted in conformance with Article 11 of the SB 1953 regulations for the determination of the facilities existing compliance. The description includes the systems and components identified in Table 11.1 of the SB 1953 Regulations. (see Appendix)
2. An 11x17 scaled Site Plan which identifies the boundaries of the facility property, locates all buildings, roadways, parking and other significant site features and improvements. The plan identifies boundaries between buildings that were constructed at different times. The names of the buildings and date of each related building permit are noted.
3. A matrix of construction information for each building of the facility under the acute care license, including the SPC and NPC for all building, has been included as a part of the Executive Summary.
4. An outline of the evaluation and all the calculations used on the course of the evaluation, which includes the following:

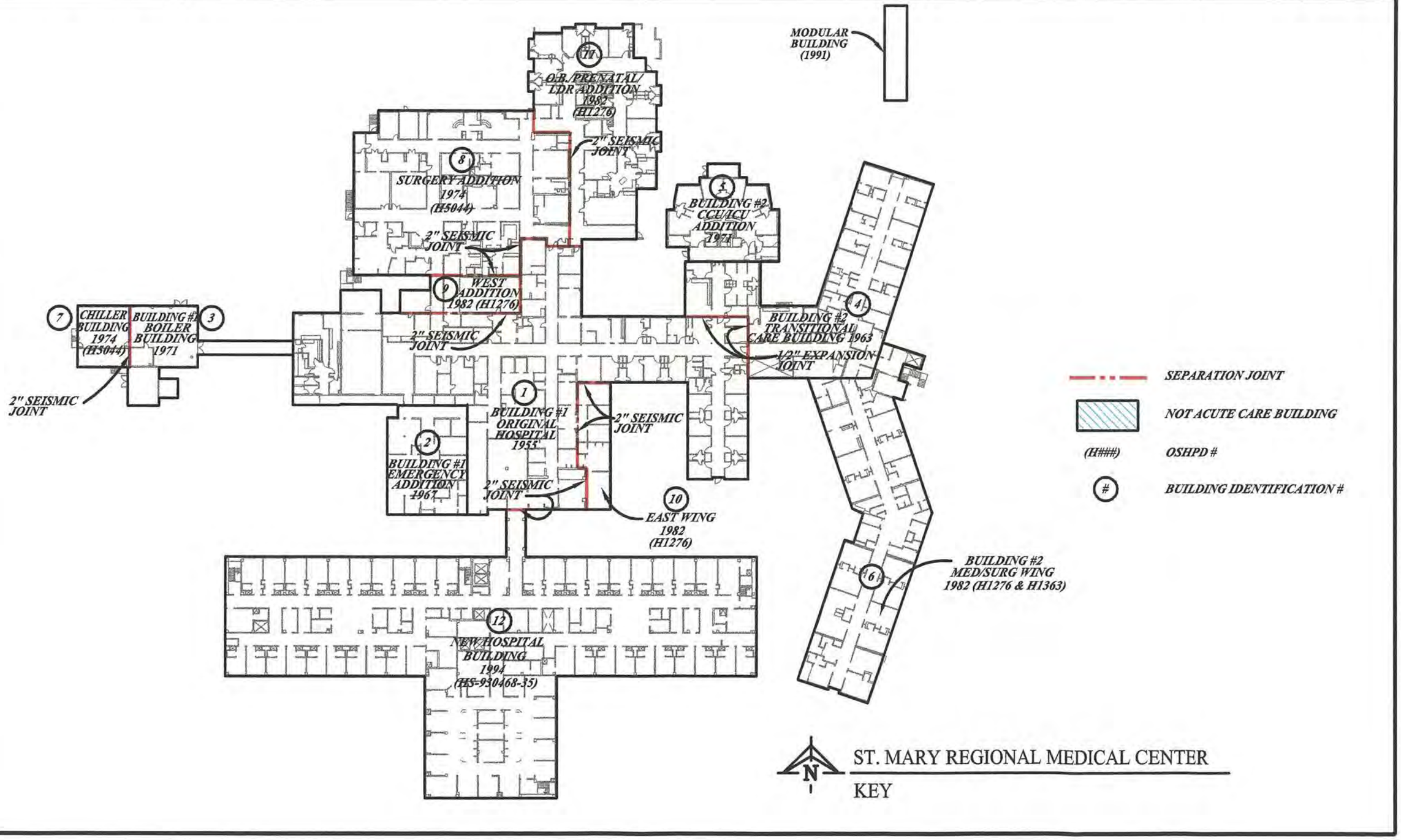
   Non-Structural Performance Category (NPC-2) Evaluation:

   - A narrative description of each system checked as a part of NPC-2
   - An evaluation of compliance with NPC-2 requirements
   - A summary of deficiencies relative to meeting NPC-2 requirements, if any
   - An equipment list with OSHPD project numbers
   - Maps summarizing the Structural Performance Category (SPC) and the Non-Structural Performance Category (NPC) for each building

kpff Consulting Engineers
2401 Colorado Avenue, Suite 315
Santa Monica, California 90404
(310) 828-1536 Fax (310) 828-9492

KEY PLAN

project ST. MARY REGIONAL MEDICAL CTR	by SS	sheet no. 2
location APPLE VALLEY, CA.	date 12/27	
client	checked	job no. 1001294.01
	date	



INTRODUCTION

SECTION 2: INTRODUCTION

2.1 Senate Bill 1953 Summary

The purpose of this report is to provide St. Mary Regional Medical Center with the Senate Bill 1953 assessment of emergency systems on the campus. This section summarizes the major issues associated with California State Senate Bill 1953 (SB 1953), Non-Structural Performance Category 2 (NPC-2).

SB 1953 requires that hospital owners either seismically upgrade, demolish, replace or change the occupancy of licensed health care facilities to non-acute care use, all hospital buildings that are not in substantial compliance with regulation adopted by the Office of Statewide Health Planning and Development (OSHPD).

Non-Structural Performance Categories (NPC) have been established for each of the selected buildings for use by St. Mary Regional Medical Center in assessing the potential impact of Senate Bill 1953 on the current and long-term use of their existing buildings.

2.2 NPC Evaluation Summary

A section is dedicated to NPC classification, which indicates what items require evaluation for the NPC-2 classification, and identifies what deficiencies exist which must be corrected to qualify for this NPC rating. To qualify for NPC-2 rating, all deficiencies listed in NPC-1 classifications must be corrected. Color maps are utilized in relevant sections to assist in highlighting the critical areas and their level of compliance.

Each building is assigned a final NPC classification based on the highest classification that all elements within the building qualify for without identifiable deficiencies. These NPC classifications are summarized in tabular form in the matrix of construction information, and graphically in the NPC summary map, both of which are included as a part of this report.

2.3 Facility Review Procedures

This Non-Structural Evaluation report was obtained utilizing a process including the following steps:

- Site visit and data collection;
- Identification of building NPC;
- Identification of emergency equipment housed in the building;
- Final evaluation of the emergency equipment and systems; and
- Preparation of this evaluation report.

Evaluation of St. Mary Regional Medical Center campus included the following buildings:

1. Building #1; (Original Hospital, Emergency Addition and Boiler Building)
2. Building #2; (Transitional Care Building, CCU/ICU Addition and Med/Surg. Wing)
3. Chiller Building
4. Surgery Addition
5. West Addition
6. East Wing
7. Obstetrics/Prenatal/LDR Addition
8. New Hospital Building
9. Modular Building

ST. MARY REGIONAL MEDICAL CENTER
MATRIX OF CONSTRUCTION INFORMATION, SPC, AND NPC RATING

NO.	BUILDING	CONST. DATE (OSHPD #)	CODE	BUILDING TYPE	SPC	NPC EVALUATION
1	Building #1 – Original Hospital	1955 (N/A)	1952 UBC	Type 13	SPC 1	NPC 1
2	Building #1 – Emergency Addition	1967 (N/A)	1967 UBC	Type 13		
3	Building #1 – Boiler Building	1971 (N/A)	1970 UBC	Type 13		
4	Building #2 – Transitional Care Building	1963 (N/A)	1961 UBC	Type 13	SPC 1	NPC 1
5	Building #2 – CCU/ICU Addition	1971 (N/A)	1970 UBC	Type 13	SPC 1	
6	Building #2 – Med/Surg. Wing	1982 (H1276 & H1363)	1979 CAC Title 24	Type 13	SPC 1	
7	Chiller Building	1974 (H5044)	1973 CAC Title 24	Type 13	SPC 4	NPC 1
8	Surgery Addition	1974 (H5044)	1973 CAC Title 24	Type 13	SPC 4	NPC 1
9	West Addition	1982 (H1276)	1976 CAC Title 24	Type 4	SPC 4	NPC 1
10	East Wing	1982 (H1276)	1976 CAC Title 24	Type 1/Type 4	SPC 4	NPC 1
11	O.B./Prenatal/LDR Addition	1982 (H1276)	1979 CAC Title 24	Type 13	SPC 4	NPC 1
12	New Hospital Building	1994 (HS-930468-35)	1992 CCR Title 24	Type 3/Type 9	SPC 4	NPC 1
13	Modular Building	1991	1989 UBC	Type 5	SPC 1	NPC 3

NON-STRUCTURAL
PERFORMANCE
CATEGORY (NPC-2)

SECTION 3: NON-STRUCTURAL PERFORMANCE EVALUATION (NPC-2)

3.1 Components Checked for NPC-2 Evaluation

To comply with NPC-2, the following must be braced or anchored in accordance with Part 2, Title 24:

- Communications Systems
- Emergency Power Supply Systems
- Bulk Medical Gas Systems
- Fire Alarm Systems
- Emergency Lighting Equipment and Signs in the Means of Egress

Communication Systems

Meridian telephone switch cabinet, Northern Telecom battery inverter and battery rack is located in the switchgear room of the Med/Surgery Wing. The equipment is classified as NPC-1. Paging system is located in the main hospital closet and is classified as NPC-1. The rack system is located in the data equipment closed of the New Hospital Addition. This item was installed in 1994 and is classified as NPC-2.

Emergency Power Supply

800 kW generator #1 and its fuel tank are located in the South Mechanical Building. These items were installed in 1994 and are classified as NPC-2. Emergency generator #2 is located in the boiler room and was installed in 1989. This equipment is classified as NPC-1. This generator's day tank is also located in the boiler room and was installed in 1999. This item is classified as NPC-2. The main fuel tank is located north of the boiler room. This equipment was installed in 1999 and is classified as NPC-2. Each of the above generators, Generator #1 and Generator #2, serves all the areas in the facility.

Bulk Medical Gas Systems

The bulk medical gas system is located in the "tank farm" of the Chiller Building and consists of main oxygen tank and auxiliary oxygen tank. These items were installed in 1997 and are classified as NPC-2.

Fire Alarm Systems

The fire alarm system consists of two main panels. One is located in the electrical room of the New Hospital Addition and the other is located in a closet in the main hospital. Additionally, there is one fire alarm terminal cabinet in the closet in the Med/Surg. Wing. These equipments are classified as NPC-2.

Emergency Lighting Equipment and Signs in the Means of Egress

All emergency lighting and exit sign fixtures in the designated means of egress are supported per PIN32. All fixtures outside the designated means of egress but served by the same electrical circuit as emergency lights are also supported per PIN32.

3.2 List of Deficiencies Related to Meeting NPC-2 Requirements

See Section 3.3

3.3 Building Systems Equipment Tables for Each Building

Please refer to the following tables and plans.

BUILDING #1 (Original Hospital, Emergency Addition, Boiler Building)

FACILITY NAME: *St. Mary Regional Medical Center*

FACILITY NUMBER: *10695*

BUILDING NAME: *Building #1*

SYSTEMS	COMPONENT & EQUIPMENT	LOCATION / BUILDING	REF. #	FLOOR LEVEL	OSHPD APPROVAL #	NPC CATEGORY	NOTES
COMMUNICATION SYSTEM	Telephone Switch Cabinet	Switchgear Room in Med/Surg Wing	A1	First Floor	___	NPC-1	Deficient
	Battery Inverter	Switchgear Room in Med/Surg Wing	A2	First Floor	___	NPC-1	Deficient
	Battery Rack	Switchgear Room in Med/Surg Wing	A3	First Floor	___	NPC-1	Deficient
	Rack System	Tele/Data Equipment Closet in New Hospital Building	A4	First Floor	HS-930468-36	NPC-2	
	Paging System	Closet in Original Hospital Bldg.	A5	Second	___	NPC-1	Deficient
EMERGENCY POWER SUPPLY SYSTEM	Emergency Generator #1	South of Mechanical Building	B1	Exterior / On Grade	HS-930468-36	NPC-2	
	Generator #1 Fuel Tank	South of Mechanical Building	B2	Exterior / On Grade	HS-930468-36	NPC-2	
	Not Used		B3				
	Emergency Generator #2	Boiler Building	B4	On Grade	___	NPC-1	Deficient
	Generator #2 Main Fuel Tank	North of Boiler Building	B5	Exterior / On Grade	SS-982845-36	NPC-2	
	Generator #2 Day Tank	Boiler Building	B6	On Grade	SS-982845-36	NPC-2	

FACILITY NAME: *St. Mary Regional Medical Center*

FACILITY NUMBER: *10695*

BUILDING NAME: *Building #1*

SYSTEMS	COMPONENT & EQUIPMENT	LOCATION / BUILDING	REF. #	FLOOR LEVEL	OSHPD APPROVAL #	NPC CATEGORY	NOTES
BULK MEDICAL GAS SYSTEM	Oxygen Tank	"Tank Farm" North of Chiller Building	C1	Exterior / On Grade	SS-971753-36	NPC-2	
	Auxiliary Oxygen Tank	"Tank Farm" North of Chiller Building	C2	Exterior / On Grade	SS-971753-36	NPC-2	
FIRE ALARM SYSTEM	Fire Alarm Control Panel	Electrical Room in New Hospital Building	D1	Basement	HS-930468-36	NPC-2	
	Fire Alarm Control Panel	Closet in Original Hospital Bldg.	D2	Second Floor	SL-899651-36	NPC-2	
	Fire Alarm Terminal Cabinet	Closet in Med/Surg Wing	D3	Second Floor	SL-899651-36	NPC-2	
EMERGENCY EGRESS LIGHTING EQUIPMENT AND SIGNS IN THE MEANS OF EGRESS	Emergency Lighting / Recessed Illuminary	Corridors in the Means of Egress	E1	All	___	NPC-1	Deficient
	Exit Signs	Corridors in the Means of Egress	E2	All	___	NPC-1	Deficient

FACILITY NAME: *St. Mary Regional Medical Center*

FACILITY NUMBER: *10695*

BUILDING NAME: *Building #2*

SYSTEMS	COMPONENT & EQUIPMENT	LOCATION / BUILDING	REF. #	FLOOR LEVEL	OSHPD APPROVAL #	NPC CATEGORY	NOTES
COMMUNICATION SYSTEM	Telephone Switch Cabinet	Switchgear Room in Med/Surg Wing	A1	First Floor	___	NPC-1	Deficient
	Battery Inverter	Switchgear Room in Med/Surg Wing	A2	First Floor	___	NPC-1	Deficient
	Battery Rack	Switchgear Room in Med/Surg Wing	A3	First Floor	___	NPC-1	Deficient
	Rack System	Tele/Data Equipment Closet in New Hospital Bldg.	A4	First Floor	HS-930468-36	NPC-2	
	Paging System	Closet in Original Hospital Bldg.	A5	Second	___	NPC-1	Deficient
EMERGENCY POWER SUPPLY SYSTEM	Emergency Generator #1	South of Mechanical Building	B1	Exterior / On Grade	HS-930468-36	NPC-2	
	Generator #1 Fuel Tank	South of Mechanical Building	B2	Exterior / On Grade	HS-930468-36	NPC-2	
	Not Used		B3				
	Emergency Generator #2	Boiler Building	B4	On Grade	___	NPC-1	Deficient
	Generator #2 Main Fuel Tank	North of Boiler Building	B5	Exterior / On Grade	SS-982845-36	NPC-2	
	Generator #2 Day Tank	Boiler Building	B6	On Grade	SS-982845-36	NPC-2	

FACILITY NAME: *St. Mary Regional Medical Center*

FACILITY NUMBER: *10695*

BUILDING NAME: *Building #2*

SYSTEMS	COMPONENT & EQUIPMENT	LOCATION / BUILDING	REF. #	FLOOR LEVEL	OSHPD APPROVAL #	NPC CATEGORY	NOTES
BULK MEDICAL GAS SYSTEM	Oxygen Tank	"Tank Farm" North of Chiller Building	C1	Exterior / On Grade	SS-971753-36	NPC-2	
	Auxiliary Oxygen Tank	"Tank Farm" North of Chiller Building	C2	Exterior / On Grade	SS-971753-36	NPC-2	
FIRE ALARM SYSTEM	Fire Alarm Control Panel	Electrical Room in New Hospital Building	D1	Basement	HS-930468-36	NPC-2	
	Fire Alarm Control Panel	Closet in Original Hospital Bldg.	D2	Second Floor	SL-899651-36	NPC-2	
	Fire Alarm Terminal Cabinet	Closet in Med/Surg Wing	D3	Second Floor	SL-899651-36	NPC-2	
EMERGENCY EGRESS LIGHTING EQUIPMENT AND SIGNS IN THE MEANS OF EGRESS	Emergency Lighting / Recessed Illuminary	Corridors in the Means of Egress	E1	All	___	NPC-1	Deficient
	Exit Signs	Corridors in the Means of Egress	E2	All	___	NPC-1	Deficient

CHILLER BUILDING

FACILITY NAME: *St. Mary Regional Medical Center*

FACILITY NUMBER: *10695*

BUILDING NAME: *Chiller Building*

SYSTEMS	COMPONENT & EQUIPMENT	LOCATION / BUILDING	REF. #	FLOOR LEVEL	OSHPD APPROVAL #	NPC CATEGORY	NOTES
COMMUNICATION SYSTEM	Telephone Switch Cabinet	Switchgear Room in Med/Surg Wing	A1	First Floor	___	NPC-1	Deficient
	Battery Inverter	Switchgear Room in Med/Surg Wing	A2	First Floor	___	NPC-1	Deficient
	Battery Rack	Switchgear Room in Med/Surg Wing	A3	First Floor	___	NPC-1	Deficient
	Rack System	Tele/Data Equipment Closet in New Hospital Bldg.	A4	First Floor	HS-930468-36	NPC-2	
	Paging System	Closet in Original Hospital Bldg.	A5	Second	___	NPC-1	Deficient
EMERGENCY POWER SUPPLY SYSTEM	Emergency Generator #1	South of Mechanical Building	B1	Exterior / On Grade	HS-930468-36	NPC-2	
	Generator #1 Fuel Tank	South of Mechanical Building	B2	Exterior / On Grade	HS-930468-36	NPC-2	
	Not Used		B3				
	Emergency Generator #2	Boiler Building	B4	On Grade	___	NPC-1	Deficient
	Generator #2 Main Fuel Tank	North of Boiler Building	B5	Exterior / On Grade	SS-982845-36	NPC-2	
	Generator #2 Day Tank	Boiler Building	B6	On Grade	SS-982845-36	NPC-2	

FACILITY NAME: *St. Mary Regional Medical Center*

FACILITY NUMBER: *10695*

BUILDING NAME: *Chiller Building*

SYSTEMS	COMPONENT & EQUIPMENT	LOCATION / BUILDING	REF. #	FLOOR LEVEL	OSHPD APPROVAL #	NPC CATEGORY	NOTES
BULK MEDICAL GAS SYSTEM	Oxygen Tank	"Tank Farm" North of Chiller Building	C1	Exterior / On Grade	SS-971753-36	NPC-2	
	Auxiliary Oxygen Tank	"Tank Farm" North of Chiller Building	C2	Exterior / On Grade	SS-971753-36	NPC-2	
FIRE ALARM SYSTEM	Fire Alarm Control Panel	Electrical Room in New Hospital Building	D1	Basement	HS-930468-36	NPC-2	
	Fire Alarm Control Panel	Closet in Main Hospital Bldg.	D2	Second Floor	SL-899651-36	NPC-2	
	Fire Alarm Terminal Cabinet	Closet in Med/Surg Wing	D3	Second Floor	SL-899651-36	NPC-2	
EMERGENCY EGRESS LIGHTING EQUIPMENT AND SIGNS IN THE MEANS OF EGRESS	Emergency Lighting / Recessed Illuminary	Corridors in the Means of Egress	E1	All	___	NPC-1	Deficient
	Exit Signs	Corridors in the Means of Egress	E2	All	___	NPC-1	Deficient

SURGERY ADDITION

FACILITY NAME: *St. Mary Regional Medical Center*

FACILITY NUMBER: *10695*

BUILDING NAME: *Surgery Addition*

SYSTEMS	COMPONENT & EQUIPMENT	LOCATION / BUILDING	REF. #	FLOOR LEVEL	OSHPD APPROVAL #	NPC CATEGORY	NOTES
COMMUNICATION SYSTEM	Telephone Switch Cabinet	Switchgear Room in Med/Surg Wing	A1	First Floor	___	NPC-1	Deficient
	Battery Inverter	Switchgear Room in Med/Surg Wing	A2	First Floor	___	NPC-1	Deficient
	Battery Rack	Switchgear Room in Med/Surg Wing	A3	First Floor	___	NPC-1	Deficient
	Rack System	Tele/Data Equipment Closet in New Hospital Bldg.	A4	First Floor	HS-930468-36	NPC-2	
	Paging System	Closet in Original Hospital Bldg.	A5	Second	___	NPC-1	Deficient
EMERGENCY POWER SUPPLY SYSTEM	Emergency Generator #1	South of Mechanical Building	B1	Exterior / On Grade	HS-930468-36	NPC-2	
	Generator #1 Fuel Tank	South of Mechanical Building	B2	Exterior / On Grade	HS-930468-36	NPC-2	
	Not Used		B3				
	Emergency Generator #2	Boiler Building	B4	On Grade	___	NPC-1	Deficient
	Generator #2 Main Fuel Tank	North of Boiler Building	B5	Exterior / On Grade	SS-982845-36	NPC-2	
	Generator #2 Day Tank	Boiler Building	B6	On Grade	SS-982845-36	NPC-2	

FACILITY NAME: *St. Mary Regional Medical Center*

FACILITY NUMBER: *10695*

BUILDING NAME: *Surgery Addition*

SYSTEMS	COMPONENT & EQUIPMENT	LOCATION / BUILDING	REF. #	FLOOR LEVEL	OSHPD APPROVAL #	NPC CATEGORY	NOTES
BULK MEDICAL GAS SYSTEM	Oxygen Tank	"Tank Farm" North of Chiller Building	C1	Exterior / On Grade	SS-971753-36	NPC-2	
	Auxiliary Oxygen Tank	"Tank Farm" North of Chiller Building	C2	Exterior / On Grade	SS-971753-36	NPC-2	
FIRE ALARM SYSTEM	Fire Alarm Control Panel	Electrical Room in New Hospital Building	D1	Basement	HS-930468-36	NPC-2	
	Fire Alarm Control Panel	Closet in Original Hospital Bldg.	D2	Second Floor	SL-899651-36	NPC-2	
	Fire Alarm Terminal Cabinet	Closet in Med/Surg Wing	D3	Second Floor	SL-899651-36	NPC-2	
EMERGENCY EGRESS LIGHTING EQUIPMENT AND SIGNS IN THE MEANS OF EGRESS	Emergency Lighting / Recessed Illuminary	Corridors in the Means of Egress	E1	All	___	NPC-1	Deficient
	Exit Signs	Corridors in the Means of Egress	E2	All	___	NPC-1	Deficient

WEST ADDITION

FACILITY NAME: *St. Mary Regional Medical Center*

FACILITY NUMBER: *10695*

BUILDING NAME: *West Addition*

SYSTEMS	COMPONENT & EQUIPMENT	LOCATION / BUILDING	REF. #	FLOOR LEVEL	OSHPD APPROVAL #	NPC CATEGORY	NOTES
COMMUNICATION SYSTEM	Telephone Switch Cabinet	Switchgear Room in Med/Surg Wing	A1	First Floor	___	NPC-1	Deficient
	Battery Inverter	Switchgear Room in Med/Surg Wing	A2	First Floor	___	NPC-1	Deficient
	Battery Rack	Switchgear Room in Med/Surg Wing	A3	First Floor	___	NPC-1	Deficient
	Rack System	Tele/Data Equipment Closet in New Hospital Bldg.	A4	First Floor	HS-930468-36	NPC-2	
	Paging System	Closet in Original Hospital Bldg.	A5	Second	___	NPC-1	Deficient
EMERGENCY POWER SUPPLY SYSTEM	Emergency Generator #1	South of Mechanical Building	B1	Exterior / On Grade	HS-930468-36	NPC-2	
	Generator #1 Fuel Tank	South of Mechanical Building	B2	Exterior / On Grade	HS-930468-36	NPC-2	
	Not Used		B3				
	Emergency Generator #2	Boiler Building	B4	On Grade	___	NPC-1	Deficient
	Generator #2 Main Fuel Tank	North of Boiler Building	B5	Exterior / On Grade	SS-982845-36	NPC-2	
	Generator #2 Day Tank	Boiler Building	B6	On Grade	SS-982845-36	NPC-2	

FACILITY NAME: *St. Mary Regional Medical Center*

FACILITY NUMBER: *10695*

BUILDING NAME: *West Addition*

SYSTEMS	COMPONENT & EQUIPMENT	LOCATION / BUILDING	REF. #	FLOOR LEVEL	OSHPD APPROVAL #	NPC CATEGORY	NOTES
BULK MEDICAL GAS SYSTEM	Oxygen Tank	"Tank Farm" North of Chiller Building	C1	Exterior / On Grade	SS-971753-36	NPC-2	
	Auxiliary Oxygen Tank	"Tank Farm" North of Chiller Building	C2	Exterior / On Grade	SS-971753-36	NPC-2	
FIRE ALARM SYSTEM	Fire Alarm Control Panel	Electrical Room in New Hospital Building	D1	Basement	HS-930468-36	NPC-2	
	Fire Alarm Control Panel	Closet in Original Hospital Bldg.	D2	Second Floor	SL-899651-36	NPC-2	
	Fire Alarm Terminal Cabinet	Closet in Med/Surg Wing	D3	Second Floor	SL-899651-36	NPC-2	
EMERGENCY EGRESS LIGHTING EQUIPMENT AND SIGNS IN THE MEANS OF EGRESS	Emergency Lighting / Recessed Illuminary	Corridors in the Means of Egress	E1	All	___	NPC-1	Deficient
	Exit Signs	Corridors in the Means of Egress	E2	All	___	NPC-1	Deficient

EAST WING

FACILITY NAME: *St. Mary Regional Medical Center*

FACILITY NUMBER: *10695*

BUILDING NAME: *East Wing*

SYSTEMS	COMPONENT & EQUIPMENT	LOCATION / BUILDING	REF. #	FLOOR LEVEL	OSHPD APPROVAL #	NPC CATEGORY	NOTES
COMMUNICATION SYSTEM	Telephone Switch Cabinet	Switchgear Room in Med/Surg Wing	A1	First Floor	___	NPC-1	Deficient
	Battery Inverter	Switchgear Room in Med/Surg Wing	A2	First Floor	___	NPC-1	Deficient
	Battery Rack	Switchgear Room in Med/Surg Wing	A3	First Floor	___	NPC-1	Deficient
	Rack System	Tele/Data Equipment Closet in New Hospital Bldg.	A4	First Floor	HS-930468-36	NPC-2	
	Paging System	Closet in Original Hospital Bldg.	A5	Second	___	NPC-1	Deficient
EMERGENCY POWER SUPPLY SYSTEM	Emergency Generator #1	South of Mechanical Building	B1	Exterior / On Grade	HS-930468-36	NPC-2	
	Generator #1 Fuel Tank	South of Mechanical Building	B2	Exterior / On Grade	HS-930468-36	NPC-2	
	Not Used		B3				
	Emergency Generator #2	Boiler Building	B4	On Grade	___	NPC-1	Deficient
	Generator #2 Main Fuel Tank	North of Boiler Building	B5	Exterior / On Grade	SS-982845-36	NPC-2	
	Generator #2 Day Tank	Boiler Building	B6	On Grade	SS-982845-36	NPC-2	

FACILITY NAME: *St. Mary Regional Medical Center*

FACILITY NUMBER: *10695*

BUILDING NAME: *East Wing*

SYSTEMS	COMPONENT & EQUIPMENT	LOCATION / BUILDING	REF. #	FLOOR LEVEL	OSHPD APPROVAL #	NPC CATEGORY	NOTES
BULK MEDICAL GAS SYSTEM	Oxygen Tank	"Tank Farm" North of Chiller Building	C1	Exterior / On Grade	SS-971753-36	NPC-2	
	Auxiliary Oxygen Tank	"Tank Farm" North of Chiller Building	C2	Exterior / On Grade	SS-971753-36	NPC-2	
FIRE ALARM SYSTEM	Fire Alarm Control Panel	Electrical Room in New Hospital Building	D1	Basement	HS-930468-36	NPC-2	
	Fire Alarm Control Panel	Closet in Original Hospital Bldg.	D2	Second Floor	SL-899651-36	NPC-2	
	Fire Alarm Terminal Cabinet	Closet in Med/Surg Wing	D3	Second Floor	SL-899651-36	NPC-2	
EMERGENCY EGRESS LIGHTING EQUIPMENT AND SIGNS IN THE MEANS OF EGRESS	Emergency Lighting / Recessed Illuminary	Corridors in the Means of Egress	E1	All	—	NPC-1	Deficient
	Exit Signs	Corridors in the Means of Egress	E2	All	—	NPC-1	Deficient

OBSTETRICS /
PRENATAL / LDR
ADDITION

FACILITY NAME: *St. Mary Regional Medical Center*

FACILITY NUMBER: *10695*

BUILDING NAME: *O.B./Prenatal/LDR Addition*

SYSTEMS	COMPONENT & EQUIPMENT	LOCATION / BUILDING	REF. #	FLOOR LEVEL	OSHPD APPROVAL #	NPC CATEGORY	NOTES
COMMUNICATION SYSTEM	Telephone Switch Cabinet	Switchgear Room in Med/Surg Wing	A1	First Floor	___	NPC-1	Deficient
	Battery Inverter	Switchgear Room in Med/Surg Wing	A2	First Floor	___	NPC-1	Deficient
	Battery Rack	Switchgear Room in Med/Surg Wing	A3	First Floor	___	NPC-1	Deficient
	Rack System	Tele/Data Equipment Closet in New Hospital Bldg.	A4	First Floor	HS-930468-36	NPC-2	
	Paging System	Closet in Original Hospital Bldg.	A5	Second	___	NPC-1	Deficient
EMERGENCY POWER SUPPLY SYSTEM	Emergency Generator #1	South of Mechanical Building	B1	Exterior / On Grade	HS-930468-36	NPC-2	
	Generator #1 Fuel Tank	South of Mechanical Building	B2	Exterior / On Grade	HS-930468-36	NPC-2	
	Not Used		B3				
	Emergency Generator #2	Boiler Building	B4	On Grade	___	NPC-1	Deficient
	Generator #2 Main Fuel Tank	North of Boiler Building	B5	Exterior / On Grade	SS-982845-36	NPC-2	
	Generator #2 Day Tank	Boiler Building	B6	On Grade	SS-982845-36	NPC-2	

FACILITY NAME: *St. Mary Regional Medical Center*

FACILITY NUMBER: *10695*

BUILDING NAME: *O.B./Prenatal/LDR Addition*

SYSTEMS	COMPONENT & EQUIPMENT	LOCATION / BUILDING	REF. #	FLOOR LEVEL	OSHPD APPROVAL #	NPC CATEGORY	NOTES
BULK MEDICAL GAS SYSTEM	Oxygen Tank	"Tank Farm" North of Chiller Building	C1	Exterior / On Grade	SS-971753-36	NPC-2	
	Auxiliary Oxygen Tank	"Tank Farm" North of Chiller Building	C2	Exterior / On Grade	SS-971753-36	NPC-2	
FIRE ALARM SYSTEM	Fire Alarm Control Panel	Electrical Room in New Hospital Building	D1	Basement	HS-930468-36	NPC-2	
	Fire Alarm Control Panel	Closet in Original Hospital Bldg.	D2	Second Floor	SL-899651-36	NPC-2	
	Fire Alarm Terminal Cabinet	Closet in Med/Surg Wing	D3	Second Floor	SL-899651-36	NPC-2	
EMERGENCY EGRESS LIGHTING EQUIPMENT AND SIGNS IN THE MEANS OF EGRESS	Emergency Lighting / Recessed Illuminary	Corridors in the Means of Egress	E1	All	___	NPC-1	Deficient
	Exit Signs	Corridors in the Means of Egress	E2	All	___	NPC-1	Deficient

NEW HOSPITAL
BUILDING

FACILITY NAME: *St. Mary Regional Medical Center*

FACILITY NUMBER: *10695*

BUILDING NAME: *New Hospital Building*

SYSTEMS	COMPONENT & EQUIPMENT	LOCATION / BUILDING	REF. #	FLOOR LEVEL	OSHPD APPROVAL #	NPC CATEGORY	NOTES
COMMUNICATION SYSTEM	Telephone Switch Cabinet	Switchgear Room in Med/Surg Wing	A1	First Floor	___	NPC-1	Deficient
	Battery Inverter	Switchgear Room in Med/Surg Wing	A2	First Floor	___	NPC-1	Deficient
	Battery Rack	Switchgear Room in Med/Surg Wing	A3	First Floor	___	NPC-1	Deficient
	Rack System	Tele/Data Equipment Closet in New Hospital Bldg.	A4	First Floor	HS-930468-36	NPC-2	
	Paging System	Closet in Original Hospital Bldg.	A5	Second	___	NPC-1	Deficient
EMERGENCY POWER SUPPLY SYSTEM	Emergency Generator #1	South of Mechanical Building	B1	Exterior / On Grade	HS-930468-36	NPC-2	
	Generator #1 Fuel Tank	South of Mechanical Building	B2	Exterior / On Grade	HS-930468-36	NPC-2	
	Not Used		B3				
	Emergency Generator #2	Boiler Building	B4	On Grade	___	NPC-1	Deficient
	Generator #2 Main Fuel Tank	North of Boiler Building	B5	Exterior / On Grade	SS-982845-36	NPC-2	
	Generator #2 Day Tank	Boiler Building	B6	On Grade	SS-982845-36	NPC-2	

FACILITY NAME: *St. Mary Regional Medical Center*

FACILITY NUMBER: *10695*

BUILDING NAME: *New Hospital Building*

SYSTEMS	COMPONENT & EQUIPMENT	LOCATION / BUILDING	REF. #	FLOOR LEVEL	OSHPD APPROVAL #	NPC CATEGORY	NOTES
BULK MEDICAL GAS SYSTEM	Oxygen Tank	"Tank Farm" North of Chiller Building	C1	Exterior / On Grade	SS-971753-36	NPC-2	
	Auxiliary Oxygen Tank	"Tank Farm" North of Chiller Building	C2	Exterior / On Grade	SS-971753-36	NPC-2	
FIRE ALARM SYSTEM	Fire Alarm Control Panel	Electrical Room in New Hospital Building	D1	Basement	HS-930468-36	NPC-2	
	Fire Alarm Control Panel	Closet in Original Hospital Bldg.	D2	Second Floor	SL-899651-36	NPC-2	
	Fire Alarm Terminal Cabinet	Closet in Med/Surg Wing	D3	Second Floor	SL-899651-36	NPC-2	
EMERGENCY EGRESS LIGHTING EQUIPMENT AND SIGNS IN THE MEANS OF EGRESS	Emergency Lighting / Recessed Illuminary	Corridors in the Means of Egress	E1	All	___	NPC-1	Deficient
	Exit Signs	Corridors in the Means of Egress	E2	All	___	NPC-1	Deficient

MODULAR BUILDING

FACILITY NAME: *St. Mary Regional Medical Center*

FACILITY NUMBER: *10695*

BUILDING NAME: *Modular Building*

The Modular Building is a one story, Type 5 – non-rated, prefabricated building constructed in 1991. It houses the outpatient/inpatient MRI equipment. This building is currently classified as SPC-1. The Modular Building neither houses nor serviced by any of Emergency Generator, Bulk Oxygen, Communication and Fire Alarm Systems. The total area of the building is 840 sq. ft. It is classified as an NPC-3.

MAPS/FLOOR PLANS

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Santa Monica, California 90404
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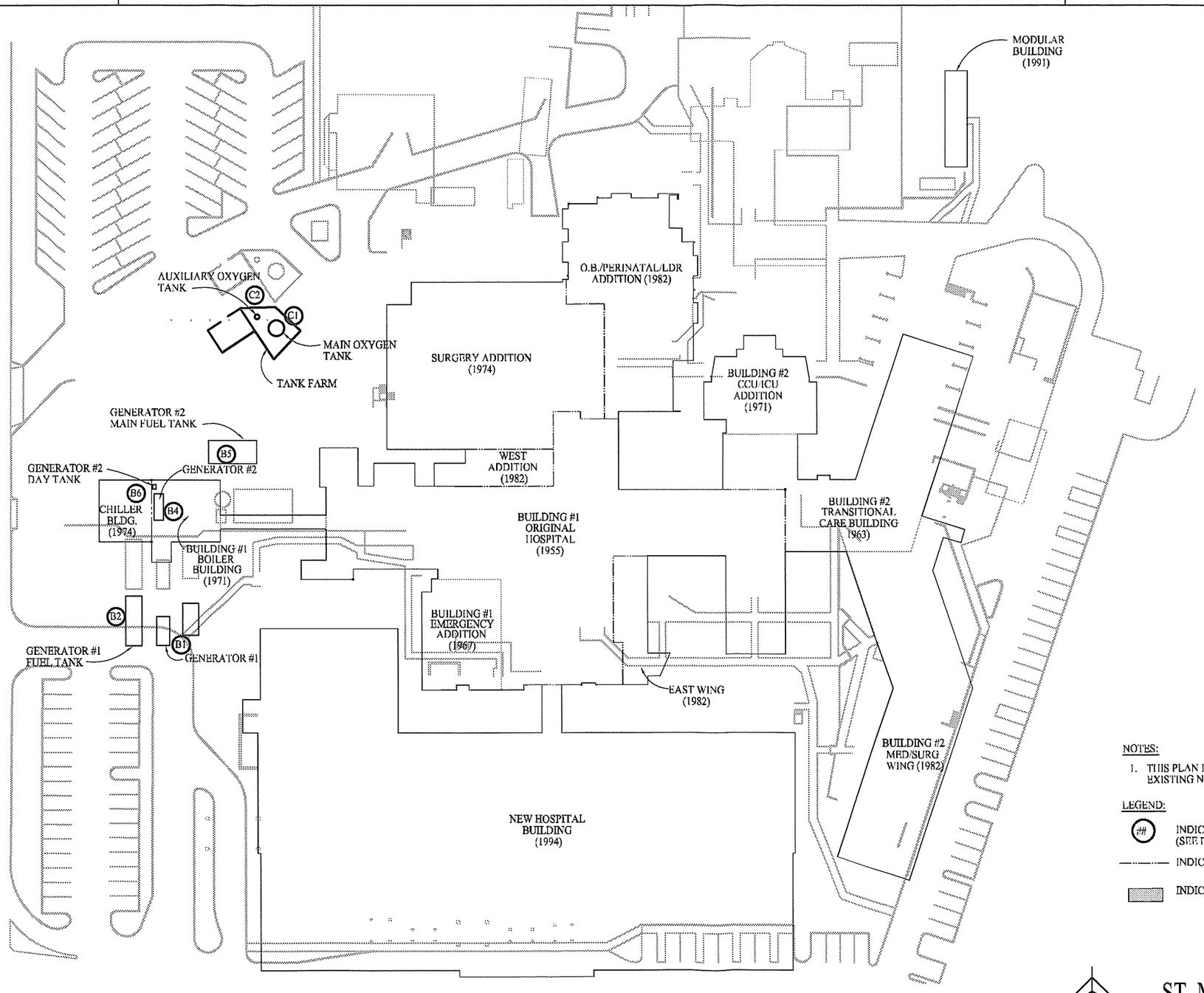
SITE PLAN

project ST. MARY REGIONAL MEDICAL CTR	by SS	sheet no. 22
location APPLE VALLEY, CA	date 12/27	
client	checked	job no. 1001294.01
	date	



NOTES:

1. THIS PLAN IS INTENDED TO IDENTIFY THE LOCATION OF EXISTING NPC-2 EQUIPMENT ON THE SITE OF THIS FACILITY.

LEGEND:

(##) INDICATES EQUIPMENT REFERENCE (SEE EQUIPMENT LIST)

——·—— INDICATES BUILDING SEPARATION

INDICATES MEANS OF EGRESS E1, E2 (SEE EQUIPMENT LIST)

N

ST. MARY REGIONAL MEDICAL CTR
SITE PLAN

PLOTTED: AUG. 07, 2003 7:17:03 AM
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PROG.MG.: C.H.
DRAFTER: LR
JOB #: 1001294.04
REDWOOD Memorial HOSP. - NPC-2
XREFS: SITE, SJO_BR,

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BASEMENT PLAN

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client	checked	job no. 1001294.01
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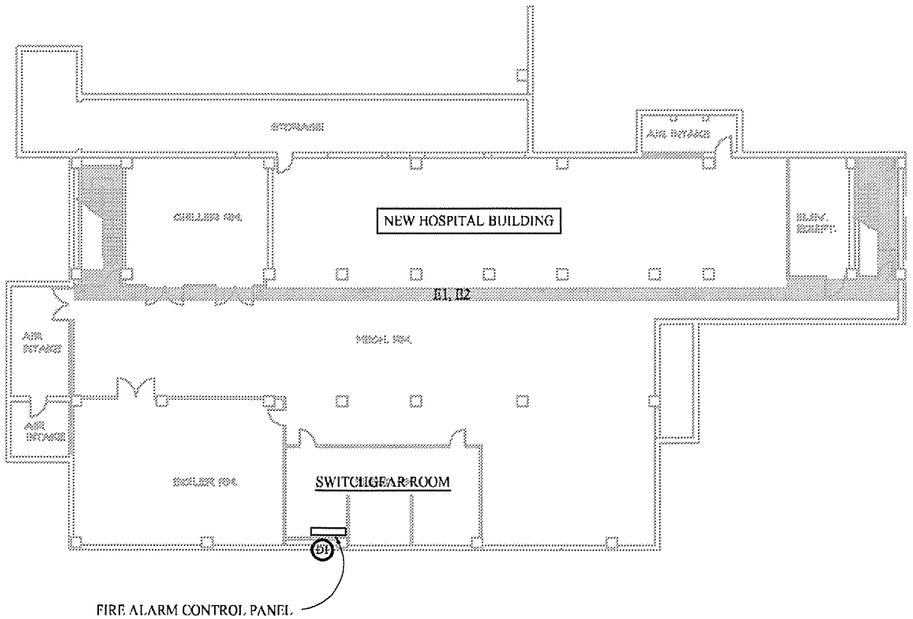

NOTES:

1. THIS PLAN IS INTENDED TO IDENTIFY THE LOCATION OF EXISTING NPC-2 EQUIPMENT ON THE SITE OF THIS FACILITY.

LEGEND:

(#) INDICATES EQUIPMENT REFERENCE (SEE EQUIPMENT LIST)

INDICATES BUILDING SEPARATION

INDICATES MEANS OF EGRESS E1, E2 (SEE EQUIPMENT LIST)

N

ST. MARY REGIONAL MEDICAL CTR
BASEMENT PLAN

NOTES:
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UPDATED BY I.R
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PROG.MG. C.H.
DRAFTER I.R
\EVALUATION\SMH_23.DWG

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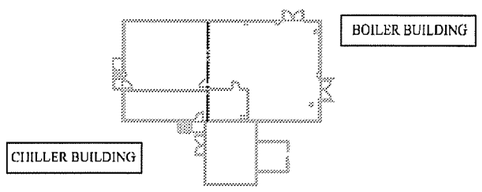
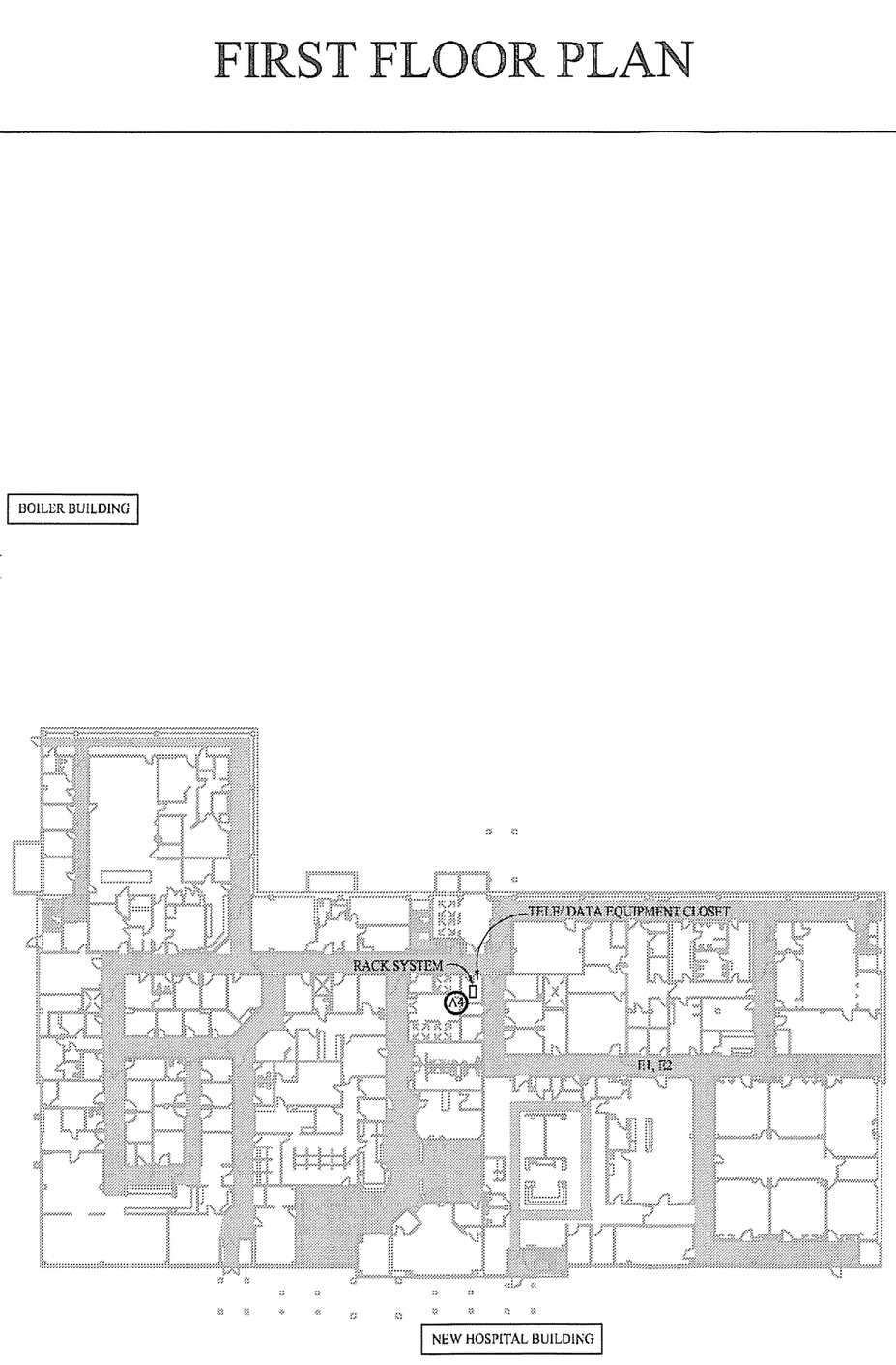
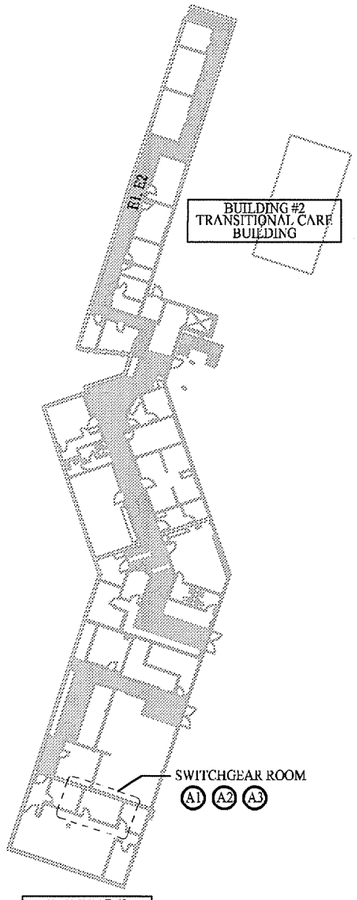
FIRST FLOOR PLAN

project ST. MARY REGIONAL MEDICAL CTR	by SS	sheet no. 24
location APPLE VALLEY, CA	date 12/27	
client	checked	job no. 1001294.01
	date	







NOTES:

1. THIS PLAN IS INTENDED TO IDENTIFY THE LOCATION OF EXISTING NPC-2 EQUIPMENT ON THE SITE OF THIS FACILITY.

LEGEND:

(#) INDICATES EQUIPMENT REFERENCE (SEE EQUIPMENT LIST)

INDICATES BUILDING SEPARATION

INDICATES MEANS OF EGRESS E1, E2 (SEE EQUIPMENT LIST)

N

ST. MARY REGIONAL MEDICAL CTR
FIRST FLOOR PLAN

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TIME | UPDATED BY | PLOT SCALE | PROG.MG. | DRAFTER
:33 PM | LR | 1=1 | C.H. | LR

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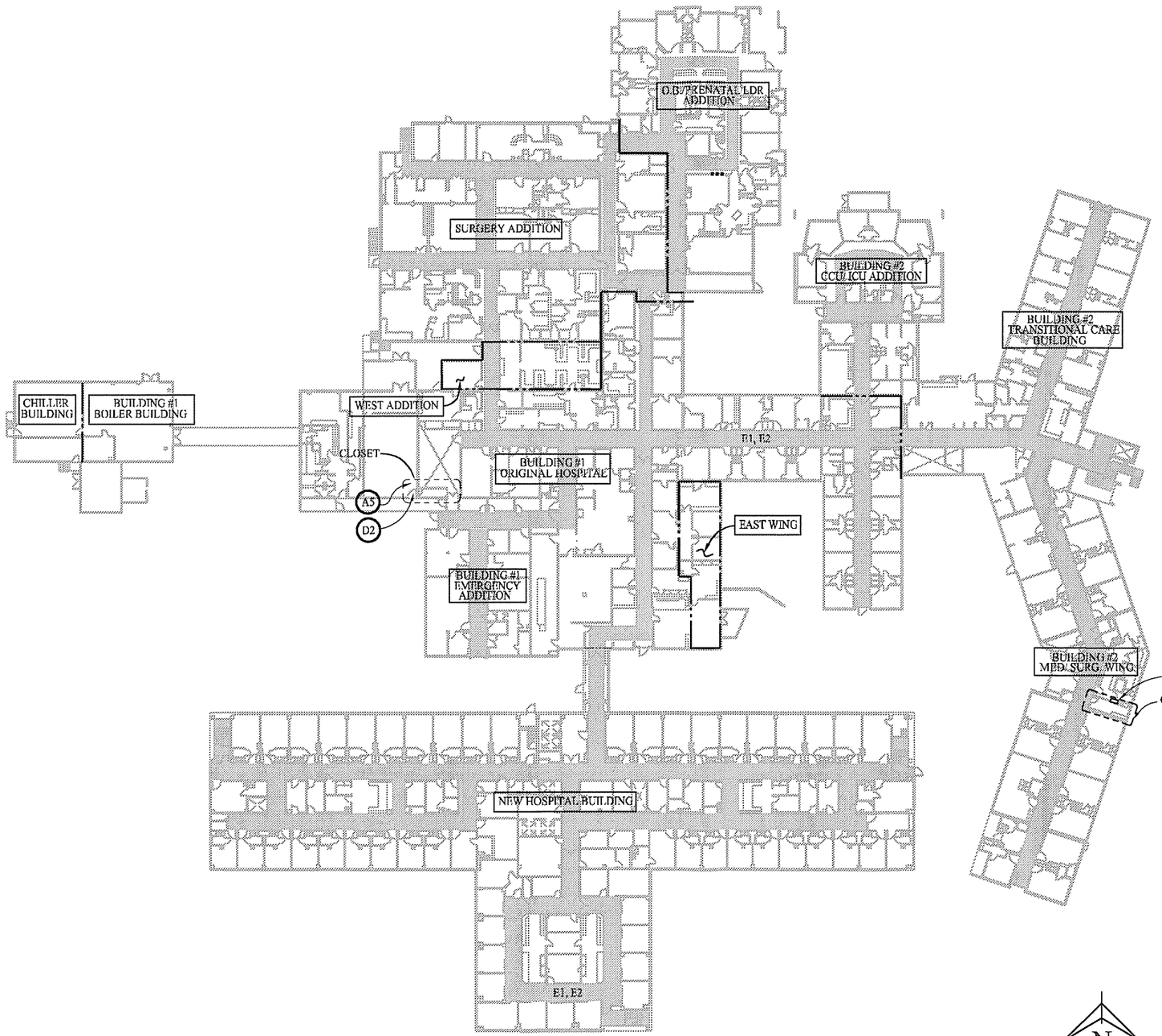
SECOND FLOOR PLAN

project ST. MARY REGIONAL MEDICAL CTR	by SS	sheet no. 25
location APPLE VALLEY, CA	date 12/27	
client	checked	job no. 1001294.01
	date	



NOTES:

1. THIS PLAN IS INTENDED TO IDENTIFY THE LOCATION OF EXISTING NPC-2 EQUIPMENT ON THE SITE OF THIS FACILITY.

LEGEND:

- (###) INDICATES EQUIPMENT REFERENCE (SEE EQUIPMENT LIST)
- INDICATES BUILDING SEPARATION
- INDICATES MEANS OF EGRESS E1, E2 (SEE EQUIPMENT LIST)

N

ST. MARY REGIONAL MEDICAL CTR
SECOND FLOOR PLAN

NOTES:								
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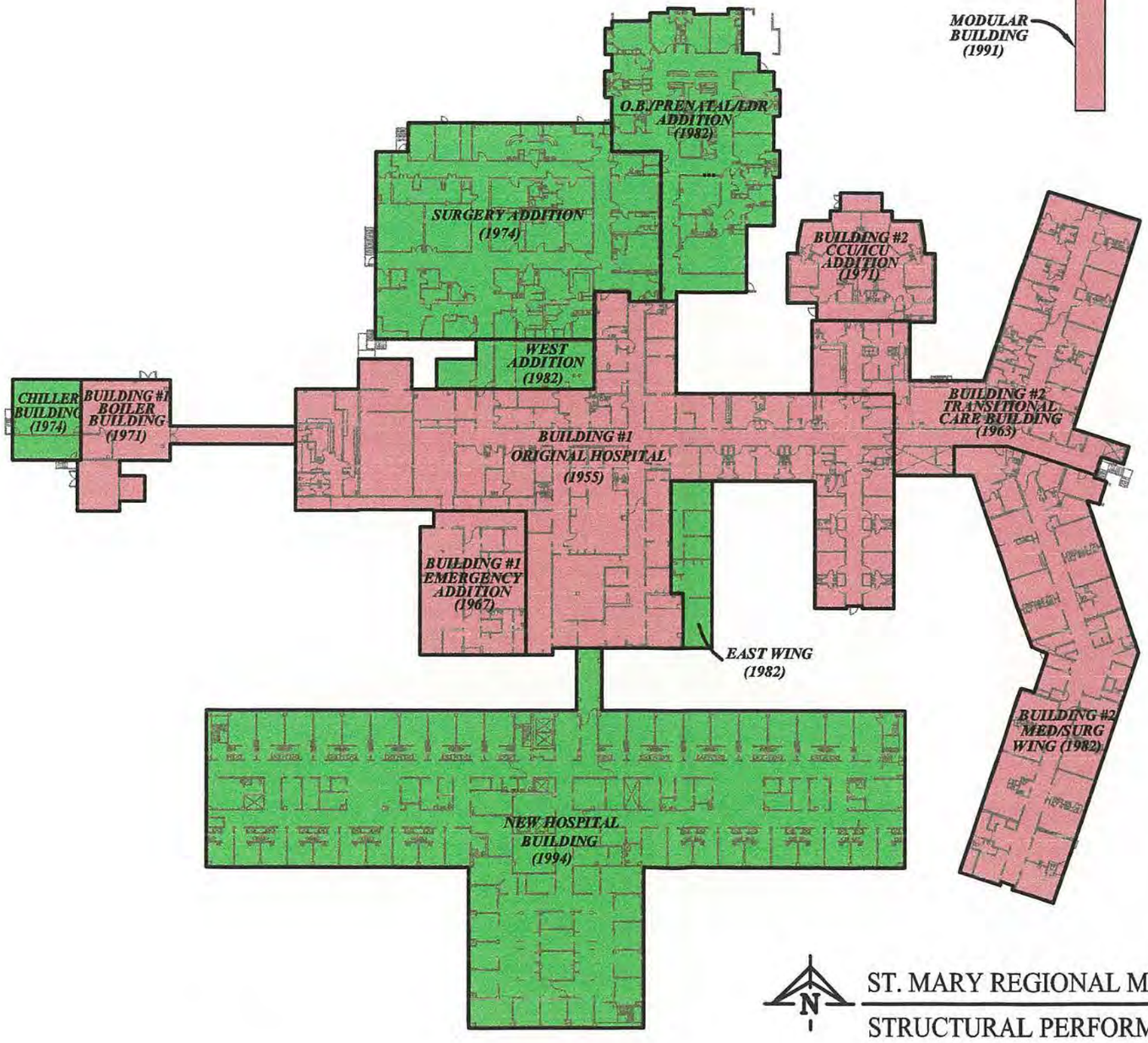
SUMMARY: STRUCTURAL PERFORMANCE CATEGORIES

project ST. MARY REGIONAL MEDICAL CTR	by SS	sheet no.	26
location APPLE VALLEY, CA.	date 12/27		
client	checked	job no.	1001294.01
	date		



KEY

SPC 1 — Buildings posing a significant risk of collapse and a danger to the public.

SPC 2 — Buildings in compliance with the pre-1973 California Building Standards Code or other applicable standards, but not in compliance with the structural provisions of the Alquist Hospital Facilities Seismic Safety Act.

SPC 3 — Buildings in compliance with the structural provisions of the Alquist Hospital Facilities Seismic Safety Act, utilizing steel moment resisting frames in regions of high seismicity as defined in Section 4.2.10 and constructed under permit issued prior to October 25, 1994.

SPC 4 — Buildings in compliance with the structural provisions of the Alquist Hospital Facilities Seismic Safety Act, but may experience structural damage which may inhibit ability to provide services to the public following strong ground motion.

SPC 5 — Buildings in compliance with the structural provisions of the Alquist Hospital Facilities Seismic Safety Act, and reasonably capable of providing services to the public following strong ground motion.

ST. MARY REGIONAL MEDICAL CENTER
STRUCTURAL PERFORMANCE CATAGORY

NOTES: KPFF REL 14 | UPDATED BY: KR | PLOT SCALE: 1=1 | PROG.MNG.: JG | DRAFTER: TF
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XREFS: SMH1, SMO_C08K

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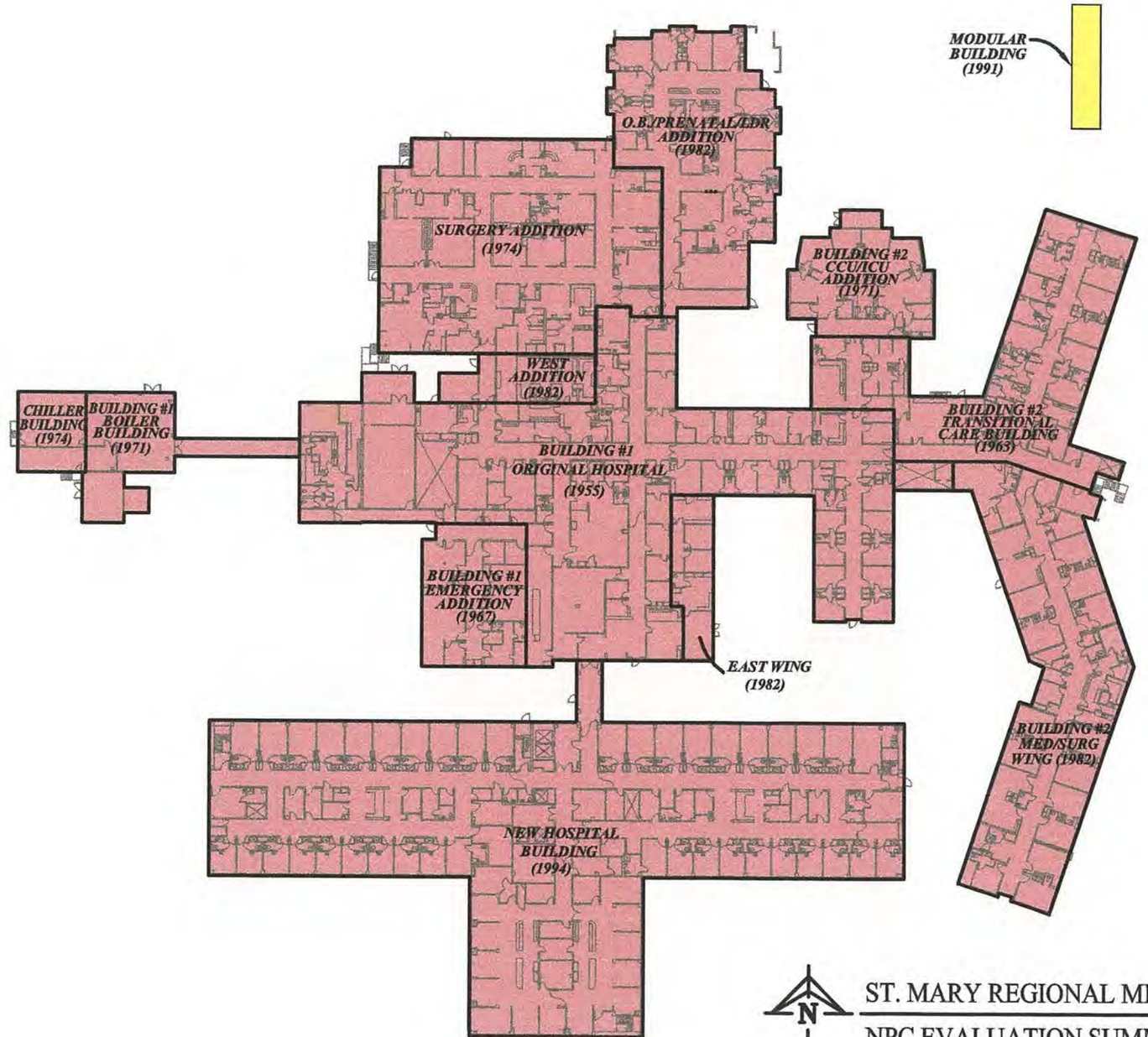
NONSTRUCTURAL PERFORMANCE CATEGORIES
NPC EVALUATION SUMMARY MAP

project ST. MARY REGIONAL MEDICAL CTR	by SS	sheet no.	27
location APPLE VALLEY, CA.	date 12/27		
client	checked	job no.	1001294.01
	date		



KEY

NPC 1

Buildings with equipment and systems not meeting the bracing and anchorage requirements of any other NPC.

NPC 2

The following systems are braced or anchoraged in accordance with Part 2, Title 24:
communications systems, emergency power system, bulk medical gas systems; and fire alarm systems.

NPC 3

The building meets the criteria for NPC "2" and in Critical Care Areas, clinical laboratory service spaces, pharmaceutical service spaces, radiological service spaces, and central and sterile supply areas, the following components meet the bracing and anchorage requirements of Part 2, Title 24:

Nonstructural components, listed in the 1995 CBC, Part 2, Title 24, Table 16A-O; and Equipment, as listed in the 1995 CBC, Part 2, Title 24, Table 16A-O.
Fire sprinkler systems comply with the bracing and anchorage requirements of NFPA 13, 1994 edition or subsequent applicable standards.

NPC 4

The building meets the criteria for NPC 3 and all architectural, mechanical, electrical systems, components and equipment, and hospital equipment meet the bracing and anchorage requirements of Part 2, Title 24.

NPC 5

The building meets the criteria for NPC "4" and on-site supplies of water and holding tanks for wastewater, sufficient for 72 hours emergency operations, are integrated into the building plumbing systems.

ST. MARY REGIONAL MEDICAL CENTER
NPC EVALUATION SUMMARY MAP

APPENDIX

APPENDIX

Table 11.1
Nonstructural Performance Categories

Timeframes	Nonstructural Performance Category	Description
	NPC 1	Buildings with equipment and systems not meeting the bracing and anchorage requirements of any other NPC.
January 1, 2002	NPC 2	The following are braced or anchored in accordance with Part 2, Title 24[1]: # communications systems; # emergency power supply; # bulk medical gas systems; ~~and~~ # fire alarm systems.; and # emergency lighting equipment and signs in the means of egress.
January 1, 2008	NPC 3	The building meets the criteria for NPC A 2@ and in Critical Care Areas, clinical laboratory service spaces, pharmaceutical service spaces, radiological service spaces, and central and sterile supply areas, the following components meet the bracing and anchorage requirements of Part 2, Title 24[1]: # Nonstructural components, listed in the 1995 CBC, Part 2, Title 24, Table 16A-O, Part 2; and # Equipment, as listed in the 1995 CBC, Part 2, Title 24, Table 16A-O, AEquipment@ including equipment in the physical plant that service these areas. *Exceptions:* 1. Seismic restraints need not be provided for cable trays, conduit and HVAC ducting. Seismic restraints may be omitted from piping systems, provided that an approved method of preventing release of the contents of the piping system in the event of a break is provided. 2. Only elevator(s) selected to provide service to patient, surgical, obstetrical, and ground floors during interruption of normal power need meet the structural requirements of Part 2, Title 24[1]. # Fire sprinkler systems comply with the bracing and anchorage requirements of NFPA 13, 1994 edition or subsequent applicable standards. *Exception:* Acute care hospital facilities in both a rural area as defined by Section 70059.1, Division 5 of Title 22 and Seismic Zone 3 shall comply with the bracing and anchorage requirements of NFPA 13, 1994 edition or subsequent applicable standards by January 1, 2013.
	NPC 4	The building meets the criteria for NPC 3 and all architectural, mechanical, electrical systems, components and equipment, and hospital equipment meet the bracing and anchorage requirements of Part 2, Title 24[1]. This category is for classification purposes of the Office of Emergency Services.
January 1, 2030	NPC 5	The building meets the criteria for NPC A 4 @ and on-site supplies of water and holding tanks for wastewater, sufficient for 72 hours emergency operations, are integrated in to the building plumbing systems. As an alternative, hook-ups to allow for the use of transportable sources of water and sanitary waste water disposal have been provided. An on-site emergency system as defined within Part 3, Title 24 is incorporated into the building electrical system for critical care areas. Additionally, the system shall provide for radiological service and an onsite fuel supply for 72 hours of acute care operation.

TABLE 16B-O – HORIZONTAL FORCE FACTOR, C_P

ELEMENTS OF STRUCTURES, NONSTRUCTURAL COMPONENTS AND EQUIPMENT[1]	VALUE OF C_P	FOOTNOTE	
1. Elements of structures			
1. Walls including the following:			
a. Unbraced (cantilevered) parapets	2.00		
b. Other exterior walls above the ground floor	0.75	2	
c. All interior bearing and nonbearing walls and partitions	0.75	11	CA
d. Masonry or concrete fences over 6 feet (1829 mm) high	0.75		
2. Penthouse (except when framed by an extension of the structural frame)	0.75		
3. Connections for prefabricated structural elements other than walls, with force applied at center of gravity	0.75	4,12	CA
4. Diaphragms	—	5	
2. Nonstructural components			
1. Exterior and interior ornamentations and appendages	2.00	12	CA
2. Chimneys, stacks, trussed towers and tanks on legs:			
a. Supported on or projecting as an unbraced cantilever above the roof more than one half their total height	2.00		
b. All others, including those supported below the roof with unbraced projection above the roof less than one half its height, or braced or guyed to the structural frame at or above their centers of mass	0.75		
3. Signs and billboards	2.00		
4. Storage racks (include contents) *with upper storage level more than 5 feet (1524 mm) in height*	0.75	10,17	CACACACACACAC
5. Anchorage for permanent floor-supported cabinets and book stacks more than 5 feet (1524 mm) in height (include contents)	0.75	12,16,17	
6. Anchorage for suspended ceilings and light fixtures	0.75	4,6,7,11,18, 19	
7. Access floor systems	0.75	4,9,12	
8. *Wall hung cabinets and storage shelving (plus contents)*	0.75		
3. Equipment			
1. Tanks and vessels (include contents), including support systems and anchorage	0.75	12,16	CA
2. Electrical, mechanical and plumbing equipment and associated conduit, ductwork and piping, and machinery. *In hospitals and essential services buildings, this includes all piping, electrical conduits, cable trays and air-handling ducting necessary to the continuing operation of the facility*	0.75	8,12,14,15	CACACACACACACACACACACACACACACACACACAC
3. *Anchorage of emergency power supply systems, essential communications equipment, battery racks and fuel tanks necessary for operation of such equipment*	1.0	12,13	
4. *Anchorage of hospital equipment when permanently attached to the building utility services such as surgical, morgue and recovery room fixtures, radiology equipment, medical gas containers, food service fixtures, essential laboratory equipment, TV supports, etc.*	0.75	12	
5. *Power cable-driven elevators or hydraulic elevators with lifts over 5 feet (1524 mm):*		20,21	
a. *Hoistway structural framing providing the support for guide rail brackets*			
b. *Guide rails and guide rail brackets*			
c. *Car and counterweight auxiliary guiding members or retainer plates*			
d. *Driving machinery, pump unit tanks operating devices and control equipment cabinets*		-	

[1]See Section 1630A.2 for items supported at or below grade *for formula using C_p and for definitions. Horizontal forces are to be applied in any horizontal direction. The value of C_p shall not be reduced for all walls. Welded, bolted or other intermittent connections such as inserts for anchorage of nonstructural components shall not be allowed the one-third increase in allowable stress permitted in Section 1603A.5.*

[2]See Section 1631A.2.4 and Section 1630A.2.

[3](Deleted)

[4]Applies to Seismic Zones 2, 3 and 4 only.

[5]See Section 1631A.2.9.

(Continued)

TABLE 16B-O – HORIZONTAL FORCE FACTOR, C_P (Continued)

[6]Ceiling weight shall include all light fixtures and other equipment or partitions which are laterally supported by the ceiling. For purposes of determining the seismic force, a ceiling weight of not less than 4 pounds per square foot (19.5 kg/m^2) shall be used.

[7]Ceilings constructed of lath and plaster or gypsum board screw or nail attached to suspended members that support a ceiling at one level extending from wall to wall need not be analyzed provided *that* the *minimum distance between opposing walls is not* over 50 feet (15 240 mm) apart.

[8]Equipment includes, but is not limited to, boiler, chiller, heat exchanger, pump, air-handling unit, cooling tower, control panel, motor, switch gear, transformer and life-safety equipment. It includes major conduit, ducting and piping serving such machinery and equipment and fire sprinkler systems. See Section 1630A.2 for additional requirements for determining C_p for nonrigid or flexibly mounted equipment.

[9]W_p for access floor systems shall be the dead load of the access floor system plus 25 percent of the floor live load plus a 10 psf (0.479 kN/m^2) partition load allowance.

[10]In lieu of the tabulated values, steel storage racks may be designed in accordance with Chapter 22A, Division VI, *subject to the limitations of Sections 1630A.5 and 1632A.5, Item 3.*

[11]Light fixtures and mechanical services installed in metal suspension systems for acoustical tile and lay-in panel ceilings shall be independently supported from the structure above as specified in U.B.C. Standard 25-2, Part III. *See also Section 1610A.2 for minimum load and deflection criteria for interior partitions.*

[12]*The component anchorage shall be designed for the horizontal force, F_p, acting simultaneously with a vertical seismic force equal to one third of the horizontal force, F_p.*

[13]*Emergency equipment should be located where there is the least likelihood of damage due to earthquake. Such equipment should be located at ground level, and where it can be easily maintained to assure its operation during an emergency.*

[14]*Seismic restraints may be omitted from the following installations:*

14.1 Gas piping less than 1 inch (25 mm) inside diameter.

14.2 Piping in boiler and mechanical equipment rooms less than 1.25 inches (32 mm) inside diameter.

14.3 All piping less than 2.5 inches (64 mm) inside diameter.

14.4 All piping suspended by individual hangers 12 inches (305 mm) or less in length from the top of pipe to the bottom of the support for the hanger.

14.5 All electrical conduit less than 2.5 inches (64 mm) inside diameter.

14.6 All rectangular air-handling ducts less than 6 square feet (0.56 m^2) in cross-sectional area.

14.7 All round air-handling ducts less than 28 inches (711 mm) in diameter.

14.8 All ducts suspended by hangers 12 inches (305 mm) or less in length from the top of the duct to the bottom of the support for the hanger.

[15]*For rigidly supported piping, electrical conduit, cable trays or air-handling ducts, the product of IC_p need not exceed 1.2 for any value of I.*

[16]*Floor-supported storage racks, cabinets or book stacks not more than 5 feet (1524 mm) in height need not be anchored if the width of the supporting base or width between the exterior legs is equal to or greater than two thirds the height. In addition to gravity loads, storage racks or cabinets shall be deigned and constructed to resist the horizontal force, F_p, with the base assumed to be anchored.*

[17]*Mobile storage racks or cabinets mounted on wheels and not restrained by fixed tracks are not subject to approval by the enforcement agency when the rack or cabinet is not more than 5 feet (1524 mm) in height and the width of the supporting base or width between the exterior legs/wheels is equal to or greater than two thirds the height. All such racks or cabinets shall be restrained to prevent movement when not in use. Movable storage racks or cabinets mounted on wheels or glides restrained by fixed tracks shall be designed and constructed to resist the horizontal force, F_p, with the base of the rack or cabinet assumed to be anchored. Provisions shall be made to resist translation perpendicular to the track and overturning both perpendicular and parallel to the track.*

[18]*Suspension systems for light fixtures which have passed shaking table tests approved the enforcement agency, or, which, as installed, are free to swing a minimum of 45 degrees from the vertical in all directions without contacting obstructions, shall be assumed to comply with the lateral-force requirements of Section 1630A.2. Unless the cable type, free-swinging suspension systems shall have a safety wire or cable attached to the fixture and structure at each support capable of supporting four times the supported load.*

[19]*For suspended and surface-mounted light fixtures, the product of IC_p need not exceed 1.2 for any value of I.*

[20]*See Part 7, Title 24, California Code of Regulations. All requirements therein shall be met as a minimum.*

[21]*The design of guide rail support-bracket fastenings and the supporting structural framing shall be in accordance with Section 3030 (k), Part 7, Title 24, using the weight of the counterweight or maximum weight of the car plus not less than 40 percent of its rated load. The seismic forces shall be assumed to be distributed one third to the top guiding members and two thirds to the bottom guiding members of cars and counterweights, unless other substantiating data are provided. Minimum seismic forces shall be 0.5g acting in any horizontal direction.*

Retainer plates are required for both car and counterweight, designed in accordance with Section 3032 (c), Part 7, Title 24, California Code of Regulations. Retainer plates are required top and bottom of car and counterweight, except where safety devices acceptable to the enforcement agency are provided which meet all requirement of the retainer plates, including full engagement of the machined portion of the rail.

The design of the car and counterweight guide rails for seismic forces shall be based on the following requirements:

21.1 The lateral forces shall be based on horizontal acceleration of 0.5g for all buildings.

TABLE 16B-O – HORIZONTAL FORCE FACTOR, C_P (Continued)

21.2 *W_p shall equal the weight of the counterweight or the maximum weight of the car plus not less than 40 percent of its rated load.*

21.3 *With the car or counterweight located in the most adverse position, the stress in the rail shall not exceed the limitations specified in these regulations, nor shall the deflection of the rail relative to its supports exceed the deflections listed below:*

Rail Size (weight per foot of length, pounds)	*Width of Machined Surface (inch)*	*Allowable Rail Deflection (inch)*
8	*$1\frac{1}{4}$*	*0.20*
11	*$1\frac{1}{2}$*	*0.30*
12	*$1\frac{3}{4}$*	*0.40*
15	*$1\frac{31}{32}$*	*0.50*
$18\frac{1}{2}$	*$1\frac{31}{32}$*	*0.50*
$22\frac{1}{2}$	*2*	*0.50*
30	*$2\frac{1}{4}$*	*0.50*

For SI: 1 inch = 25 mm, 1 foot = 305 mm.

NOTE: Deflection limitations are given to maintain a consistent factor of safety against disengagement of retainer plates from the guide rails during an earthquake.

21.4 *Where guide rails are continuous over supports and rail joints are within 2 feet (610 mm) of their supporting brackets, a simple span may be assumed.*

[DSA/SS & OSHPD 5/96] Amendment to Table 16A-O becomes effective April 1, 1998.

CACACACACACACACACACACACACACACACACACACACAC

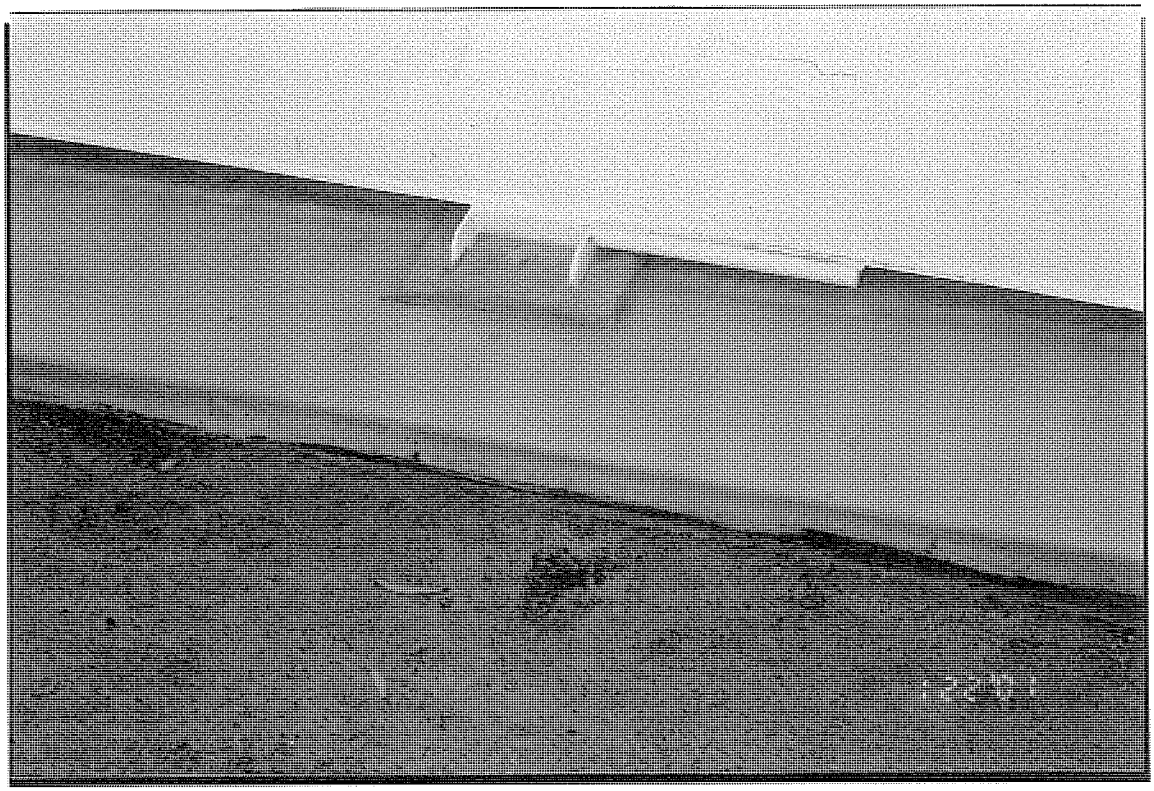
TABLE 16B-P—R_W FACTORS FOR NONBUILDING STRUCTURES

STRUCTURE TYPE	R_W
1. Vessels, including tanks and pressurized spheres, on braced or unbraced legs.	3
2. Cast-in-place concrete silos and chimneys having walls continuous to the foundation.	5
3. Distributed mass cantilever structures such as stacks, chimneys, silos and skirt-supported vertical vessels.	4
4. Trussed towers (freestanding or guyed), guyed stacks and chimneys.	4
5. Inverted pendulum-type structures.	
5.1 Single-column structures	3
5.2 Multicolumn structures with strut ties capable of developing the capacity of the column	4
6. Cooling towers.	5
7. Bins and hoppers on braced or unbraced legs.	4
8. Storage racks.	5
9. Signs and billboards.	5
10. Amusement structures and monuments.	3
11. All other self-supporting structures not otherwise covered.	4

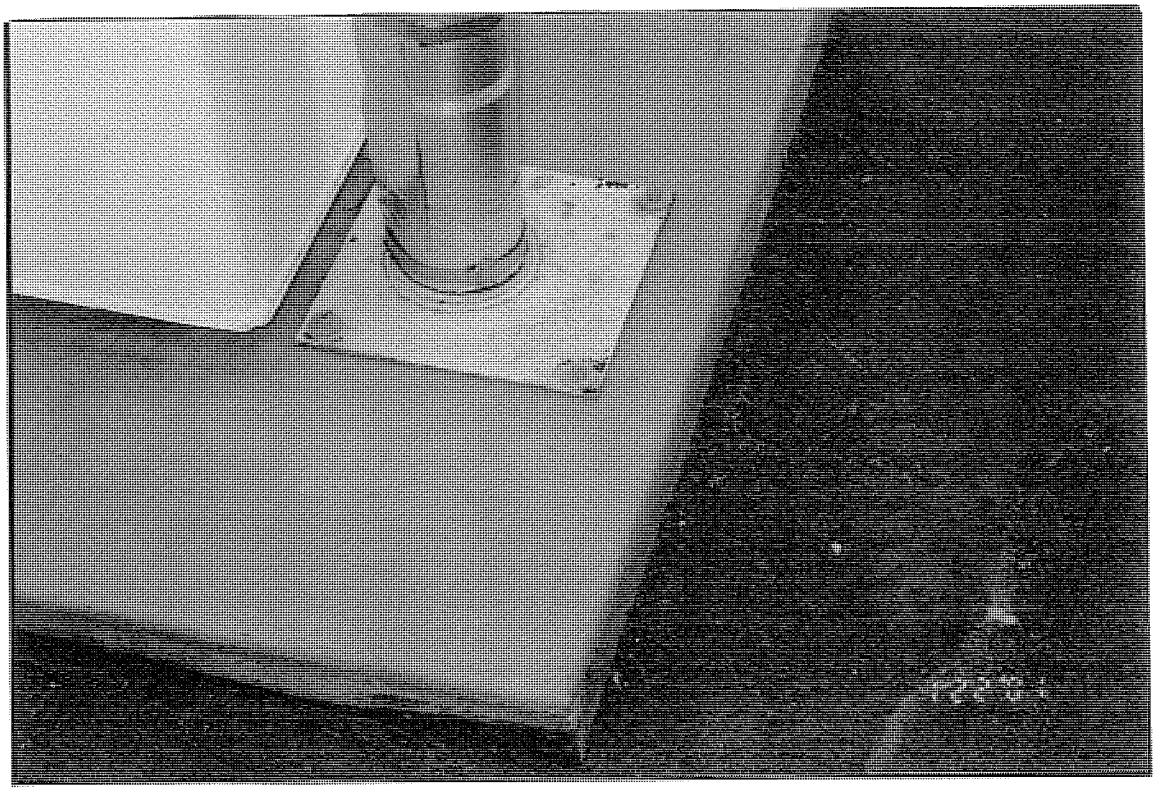
CAC

Generator #2 Fuel Tank B5

Generator #2 Fuel Tank B5



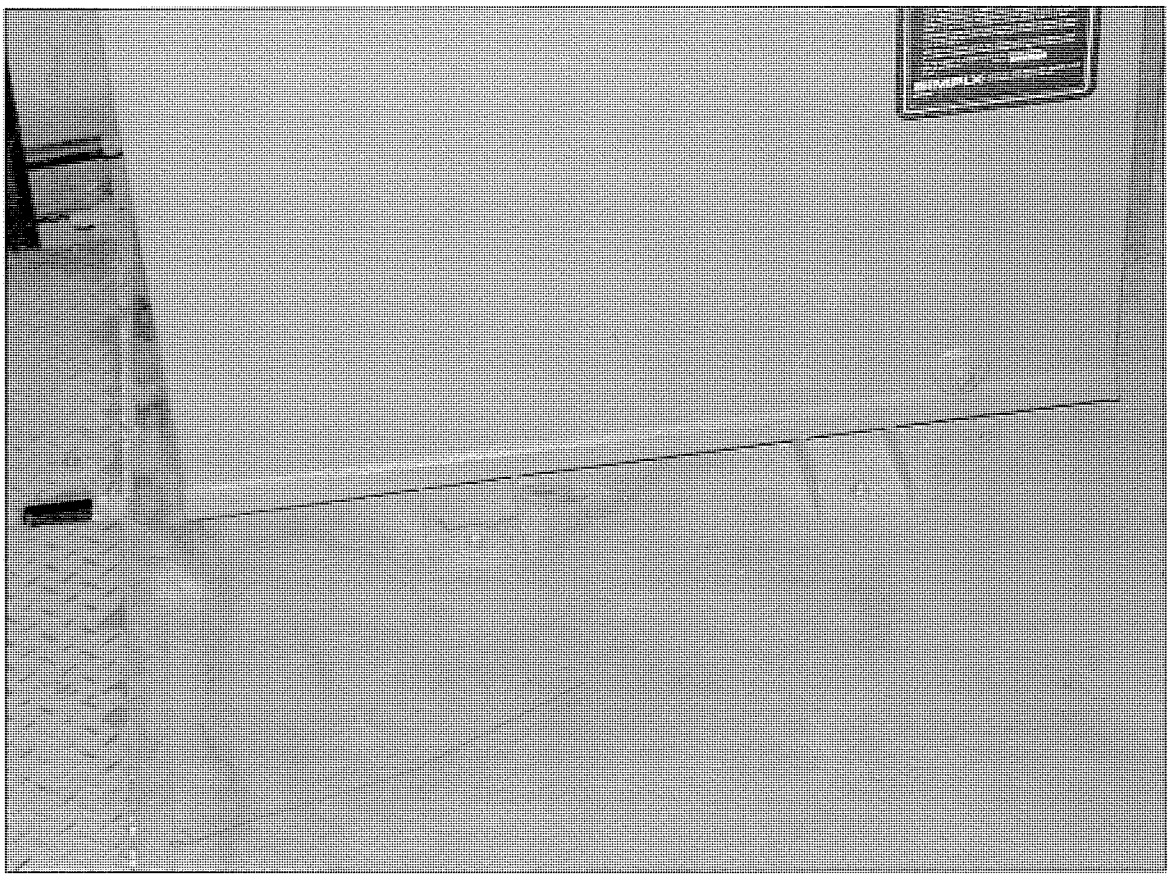
Generator #2 Fuel Tank Anchorage B5



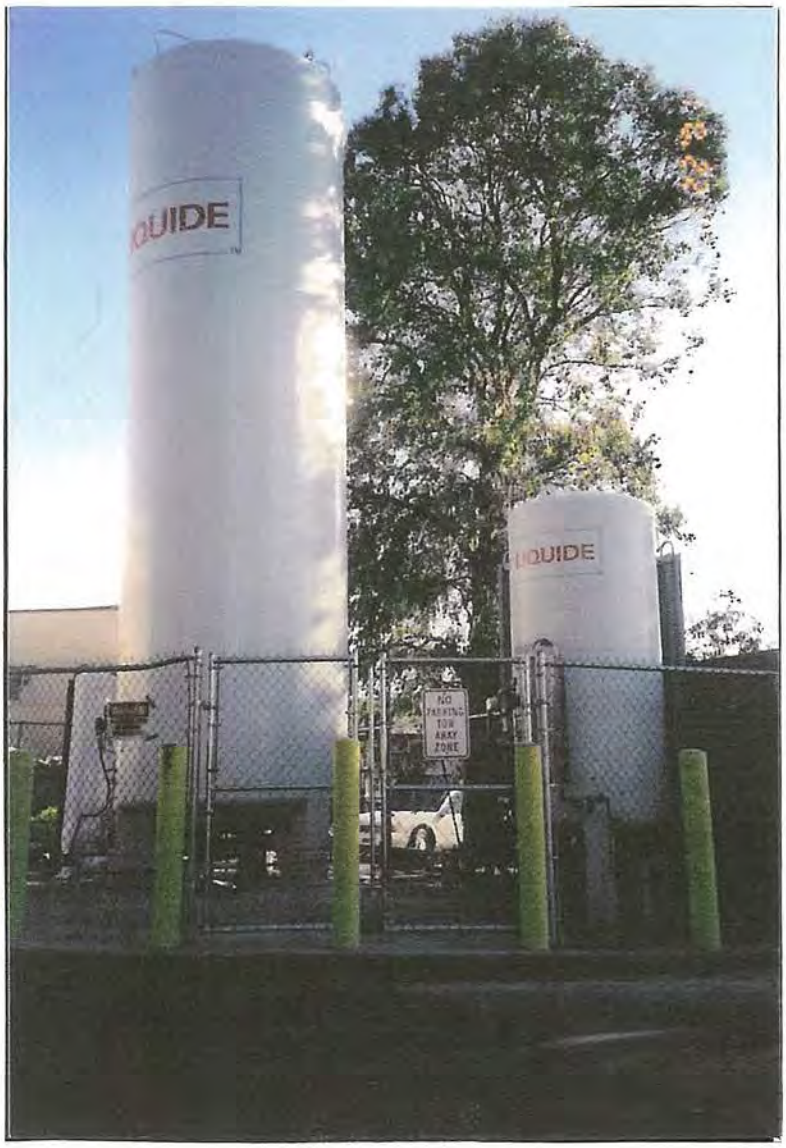
Generator #2 Fuel Tank Anchorage B5

Generator #2 Day Tank B6

Generator #2 Day Tank B6



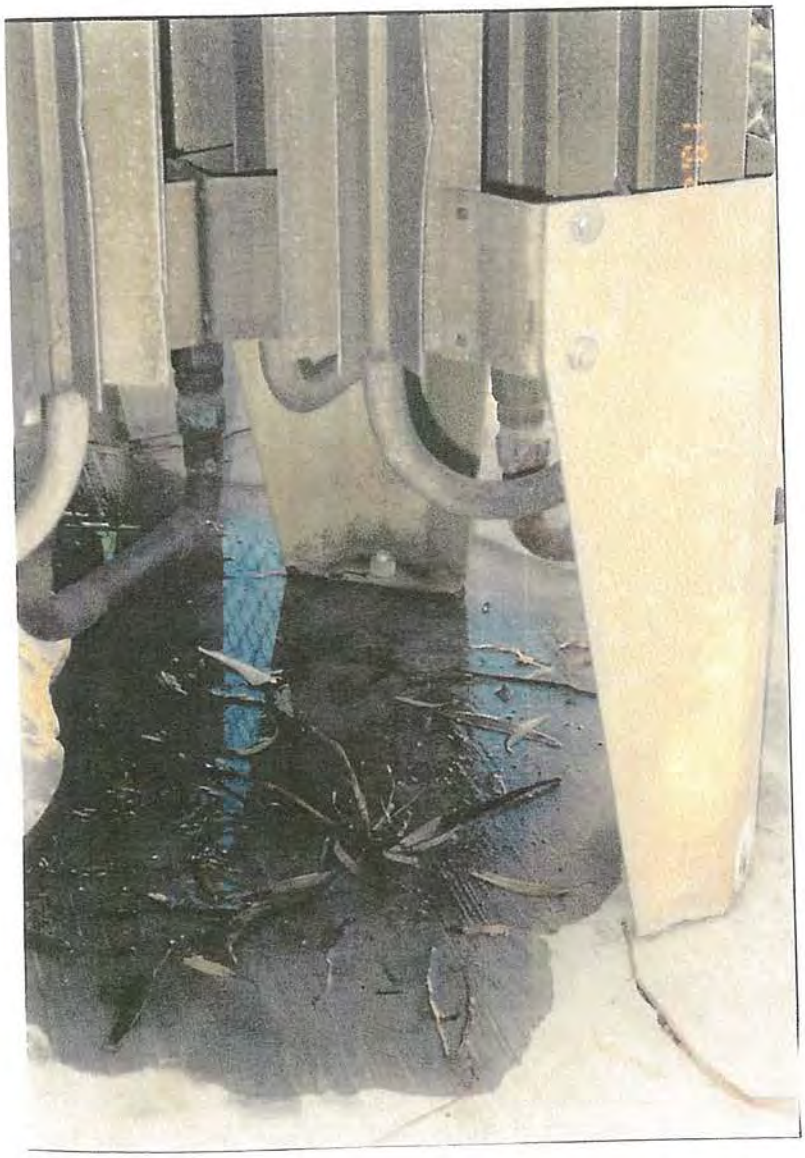
Generator #2 Day Tank Anchorage B6



Oxygen Tank C1

Oxygen Tank Anchorage C1

Oxygen Tank Anchorage C1

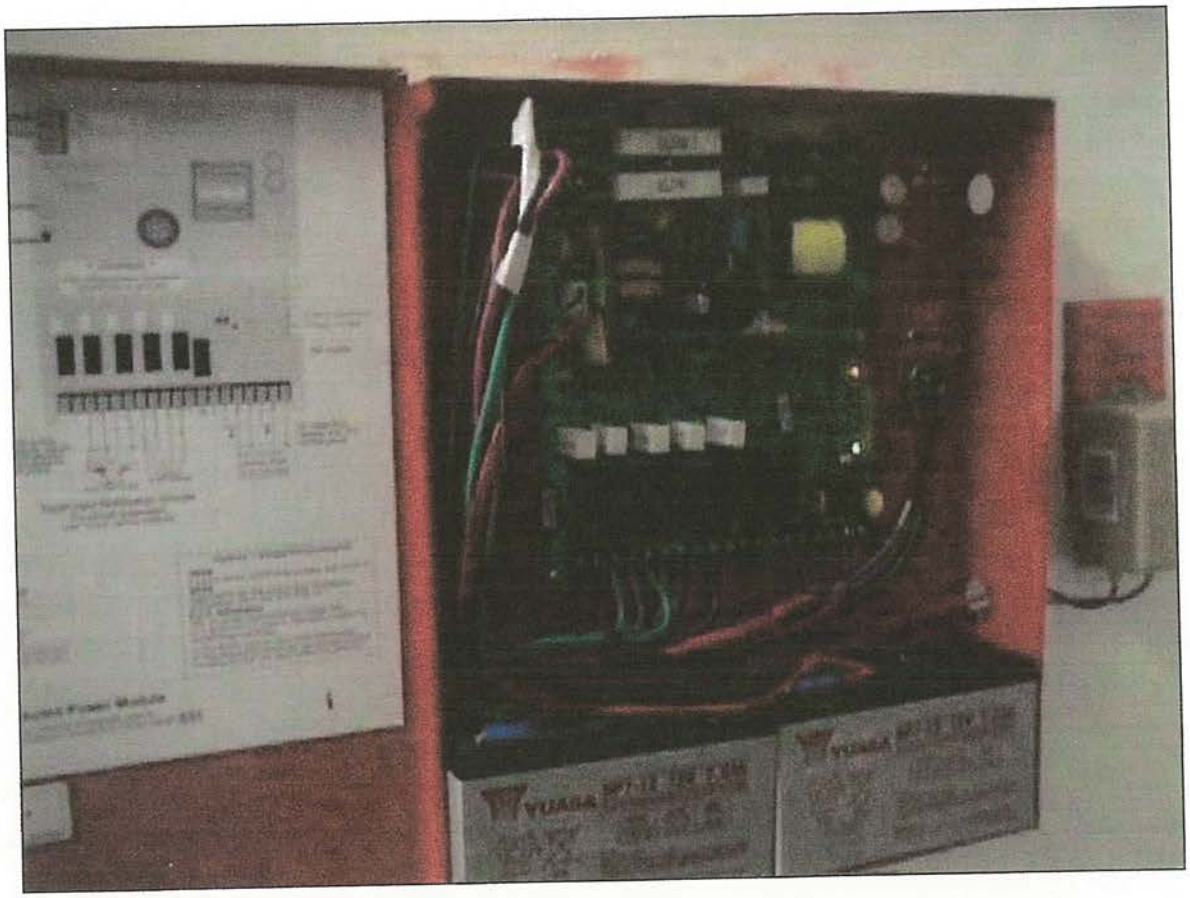


Auxiliary Oxygen Tank Anchorage C2

Auxiliary Oxygen Tank Anchorage C2

Auxiliary Oxygen Tank Anchorage C2

Fire Alarm Terminal Cabinet – D3



Fire Alarm Terminal Cabinet - D3

GE Medical Systems
Mailing Address: Product Locator File
P.O. Box 414
Milwaukee, WI 53201-0414

DESCRIPTION	EDA	MODEL	REV	SERIAL
G.E. POWERTECH		R4502DA		100154

OCP DISTRICT	IB:	ORD: GE0718	DATE (MO. DA. YR.)
	CUSTOMER NO: 239-762127		10-23-91

SHIPMENT

DESTINATION NAME AND ADDRESS:
P.D.C. FACILITIES
700 WALNUT RIDGE DRIVE
HARTLAND, WISCONSIN 53029
ZIP CODE

GE Medical Systems
Product Locator File
P.O. Box 414
Milwaukee, WI 53201-0414

Mailing Address

DESCRIPTION	FDA	MODEL	REV	SERIAL
PowerTech-Plus MTI-3-4100		R4502RA		100154

PREPARE FOR ORDERS THAT DO NOT HAVE A LOCATOR INSTALLATION REPORT

OCP	BS	ORD	DATE (MO DA YR)
DIST COUNTRY	ROOM		EMPLOYEE NO
CUSTOMER NO			

SYSTEM ID NUMBER

DESTINATION NAME AND ADDRESS

INSTALLATION

ZIP CODE

INSTALLATION PRINTED IN USA

Certificate of Occupancy

Town of Apple Valley, California

Building and Safety

307

This Certificate issued pursuant to the requirements of Section 306 of the Uniform Building Code certifying that at the time of issuance this structure was in compliance with the various ordinances of the Town regulating building construction or use. For the following:

Use of Building MEDICAL FACILITY (MRI) *Bldg. Permit No.* 8122

Occupancy Group _____

Owner of Building ST. MARY'S HOSPITAL *Construction Type* I-2A

Building Address 18300 HIGHWAY 18 *Land Use* _____

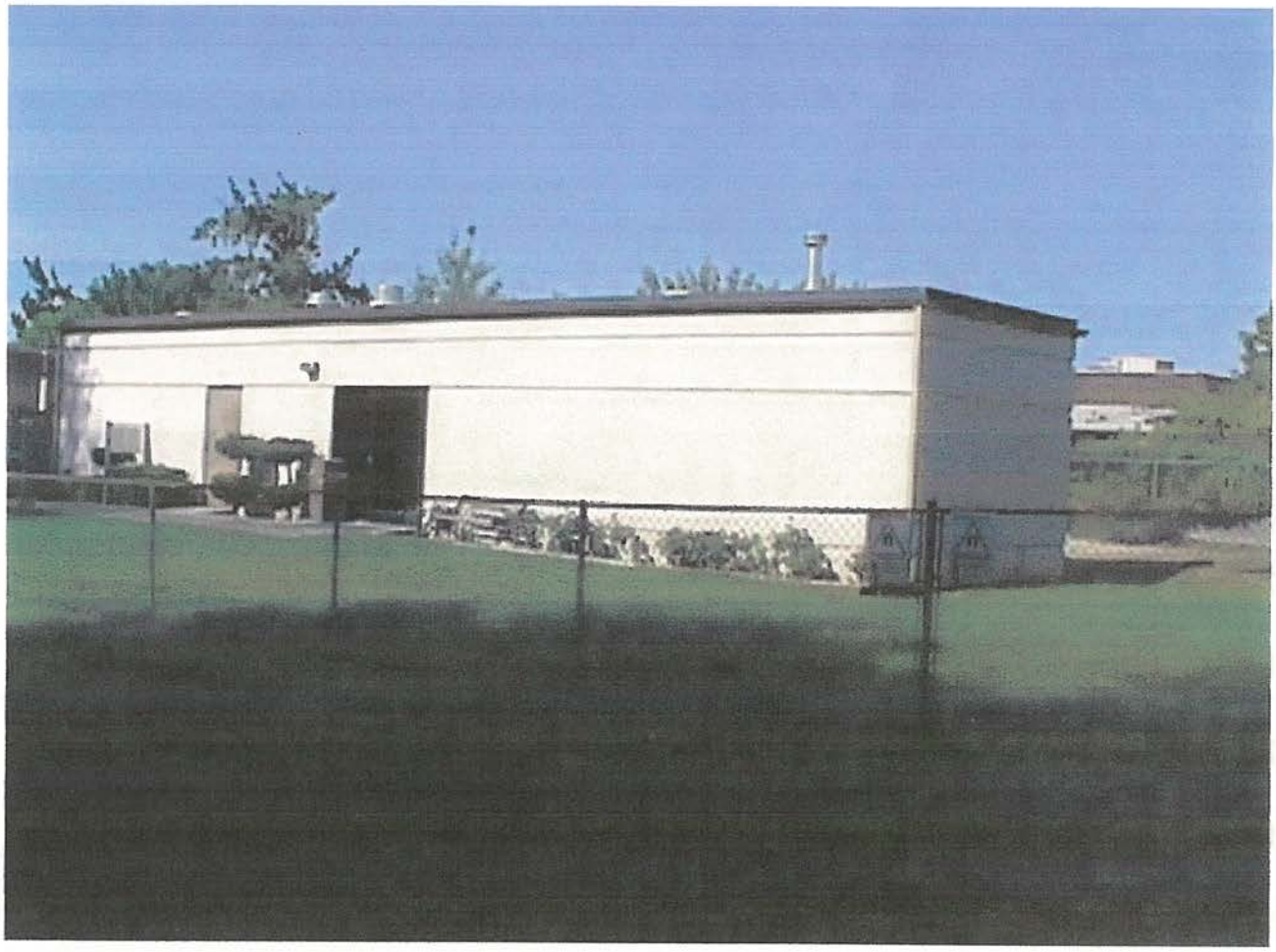
Lot _____ *Block* _____ *Tract* _____ *A.P.N.* _____

Date 12/23/91 *By* _____

Building Official

file://A:\MVC-003F.JPG

8/9/02



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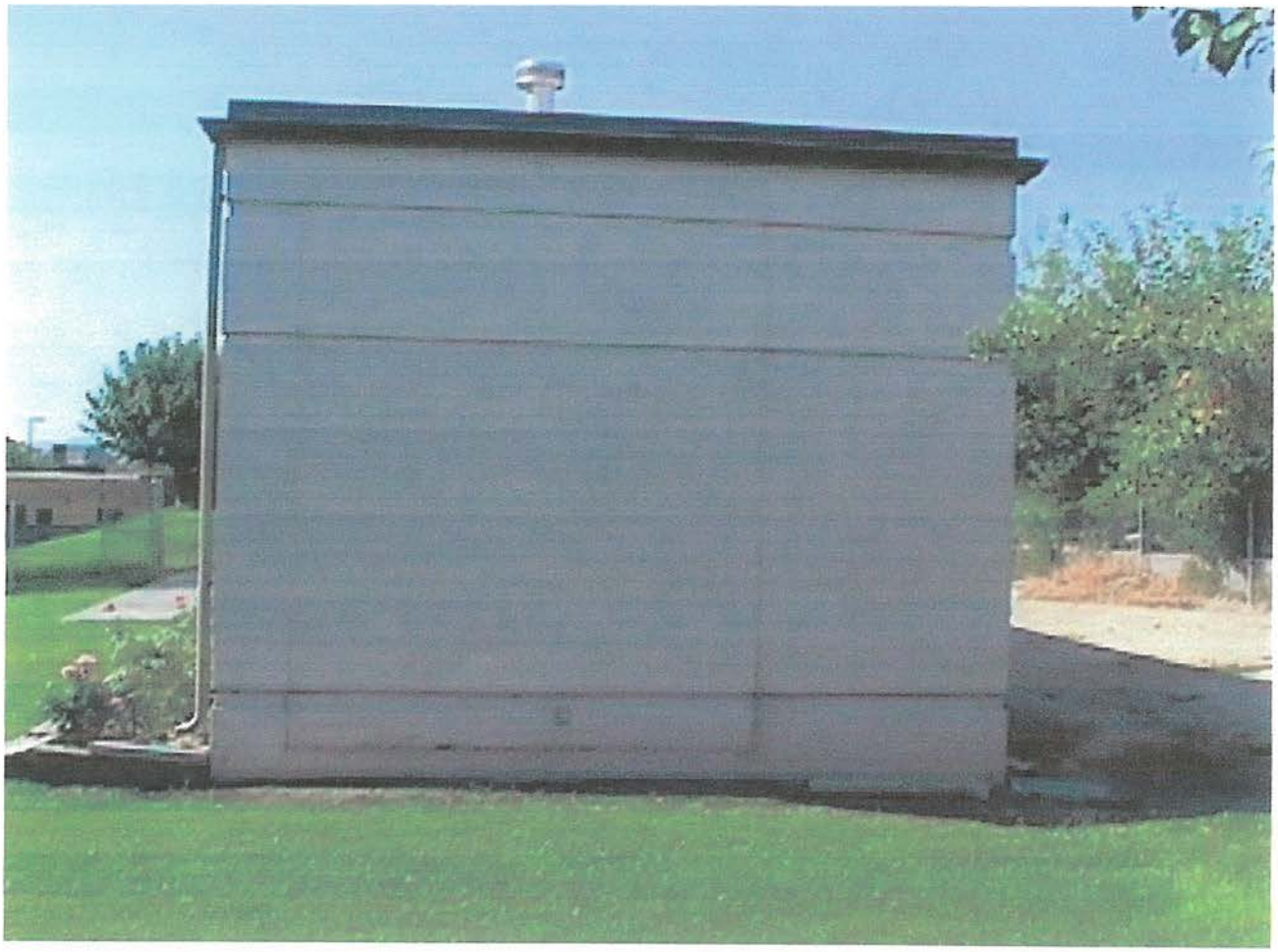
8/9/02



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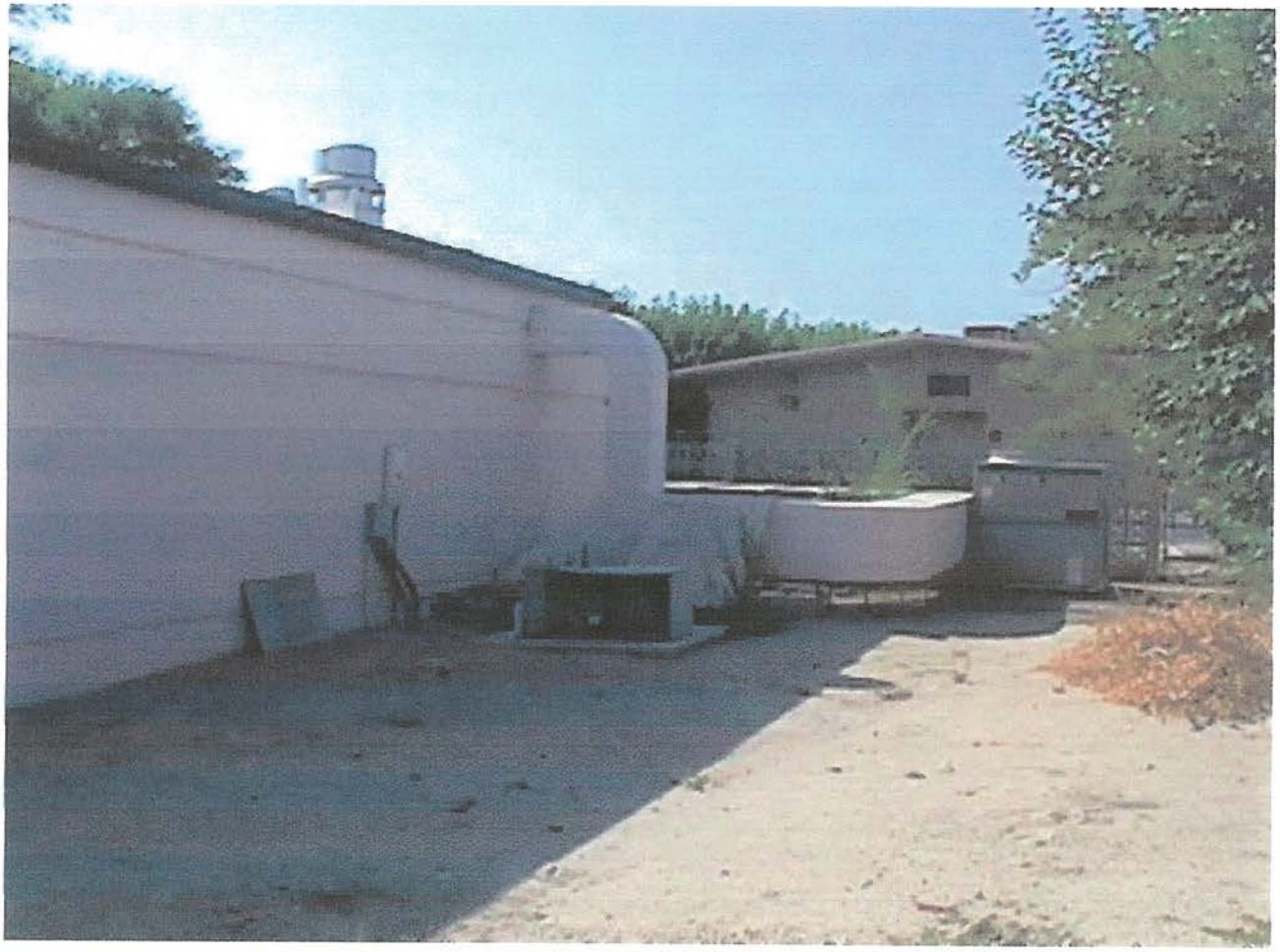


file://A:\MVC-007F.JPG

8/9/02

Exhibit 2 to Section 999.5(d)(5)(J)

OSHPD
Office of Statewide Health Planning and Development

SPC/NPC Ratings of Acute Care Hospital Buildings as of 3/5/2020

County Code	Facility Nbr	Facility Name	City	Building Nbr	Building Name	Building Status	SPC Rating *	2007 Hazus Score (%)	2010 Hazus Score (%)	OSHPD NPC Rating *
~~36 - San Bernardino~~	~~10694~~	~~St. Bernardine Medical Center~~	~~San Bernardino~~	~~BLD-06287~~	~~Conference Center~~	~~In Service~~	~~3~~			~~3~~
36 - San Bernardino	10695	St. Mary Medical Center	Apple Valley	BLD-01821	Original Hospital & ER	In Service	2	0.53		2
36 - San Bernardino	10695	St. Mary Medical Center	Apple Valley	BLD-01822	Transitional Care-CCU/ICU	In Service	2	0.09		2
36 - San Bernardino	10695	St. Mary Medical Center	Apple Valley	BLD-01823	Emergency Addition - Structurally connected to BLD-01821	Not an Independent Building	N/A			N/A
36 - San Bernardino	10695	St. Mary Medical Center	Apple Valley	BLD-01824	CCU/ICU Addition - Structurally connected to BLD-01822	Not an Independent Building	N/A			N/A
36 - San Bernardino	10695	St. Mary Medical Center	Apple Valley	BLD-01825	Boiler Building	In Service	2	0.13		2
36 - San Bernardino	10695	St. Mary Medical Center	Apple Valley	BLD-01826	Chiller Building	In Service	4			2
36 - San Bernardino	10695	St. Mary Medical Center	Apple Valley	BLD-01827	Surgery Addition	In Service	4			2
36 - San Bernardino	10695	St. Mary Medical Center	Apple Valley	BLD-01828	West Addition	In Service	4			2
36 - San Bernardino	10695	St. Mary Medical Center	Apple Valley	BLD-01829	East Wing	In Service	4			2
36 - San Bernardino	10695	St. Mary Medical Center	Apple Valley	BLD-01830	Obstetrics/Prenatal/LDR Addition	In Service	4			2
36 - San Bernardino	10695	St. Mary Medical Center	Apple Valley	BLD-01831	Medical/Surgical	In Service	4			2
36 - San Bernardino	10695	St. Mary Medical Center	Apple Valley	BLD-01832	New Hospital Building	In Service	5			2
36 - San Bernardino	10695	St. Mary Medical Center	Apple Valley	BLD-02928	MRI Building	In Service	2		0.79	3
36 - San Bernardino	10695	St. Mary Medical Center	Apple Valley	BLD-06087	Filter Building	In Service	5			2
36 - San Bernardino	10695	St. Mary Medical Center	Apple Valley	BLD-06088	South Building Connector	In Service	5			3
36 - San Bernardino	10695	St. Mary Medical Center	Apple Valley	BLD-06089	South Building West Canopy	In Service	5			3
36 - San Bernardino	10695	St. Mary Medical Center	Apple Valley	BLD-06090	South Building South Canopy	In Service	5			3

* 2s, 3s, 4s and 5s indicate SPC/NPC rating self-reported by the hospital and not verified by OSHPD
* 1s is a temporary rating assigned to seismically separate buildings created by retrofits
IND = HAZUS score cannot be determined as building is located on a fault and is equivalent to a HAZUS fail

OSHPD
Office of Statewide Health Planning and Development

SPC/NPC Ratings of Acute Care Hospital Buildings as of 3/5/2020

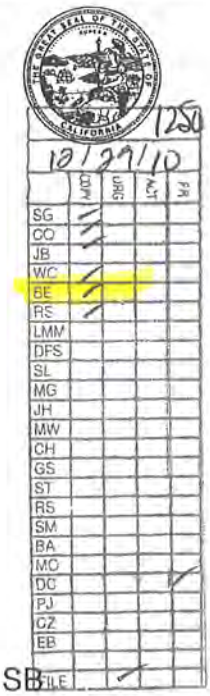
County Code	Facility Nbr	Facility Name	City	Building Nbr	Building Name	Building Status	SPC Rating *	2007 Hazus Score (%)	2010 Hazus Score (%)	OSHPD NPC Rating *
36 - San Bernardino	10695	St. Mary Medical Center	Apple Valley	BLD-06230	Inpatient MRI Building	In Service	5			4
36 - San Bernardino	10695	St. Mary Medical Center	Apple Valley	BLD-06404	Generator Yard	Under Construction	N/A			
36 - San Bernardino	10695	St. Mary Medical Center	Apple Valley	BLD-06405	Generator Distribution / Transfer Switch Building	Under Construction	5s			4s
~~36 - San Bernardino~~	~~18201~~	~~Totally Kids Rehabilitation Hospital~~	~~Loma Linda~~	~~BLD-04912~~	~~Subacute~~	~~Skilled Nursing Only~~	~~N/A~~			~~N/A~~
~~36 - San Bernardino~~	~~18201~~	~~Totally Kids Rehabilitation Hospital~~	~~Loma Linda~~	~~BLD-05483~~	~~Acute Care Building No. 1~~	~~In Service~~	~~5~~			~~4~~
~~36 - San Bernardino~~	~~18201~~	~~Totally Kids Rehabilitation Hospital~~	~~Loma Linda~~	~~BLD-05959~~	~~Emergency Generator~~	~~Equipment Yard~~	~~N/A~~			~~N/A~~
~~36 - San Bernardino~~	~~18201~~	~~Totally Kids Rehabilitation Hospital~~	~~Loma Linda~~	~~BLD-06126~~	~~Medical Gas Building~~	~~In Service~~	~~5s~~			~~4s~~
~~36 - San Bernardino~~	~~18201~~	~~Totally Kids Rehabilitation Hospital~~	~~Loma Linda~~	~~BLD-06127~~	~~Lighthouse Bulk Medical Gas Building~~	~~In Service~~	~~5s~~			~~4s~~
~~36 - San Bernardino~~	~~10707~~	~~Victor Valley Global Medical Center~~	~~Victorville~~	~~BLD-01855~~	~~Medical / Surgical / Surgery Add~~	~~In Service~~	~~3~~			~~2~~
~~36 - San Bernardino~~	~~10707~~	~~Victor Valley Global Medical Center~~	~~Victorville~~	~~BLD-01856~~	~~Radiology/Surgery/L&D/Emergency~~	~~In Service~~	~~2~~	~~2.18~~	~~0.27~~	~~2~~
~~36 - San Bernardino~~	~~10707~~	~~Victor Valley Global Medical Center~~	~~Victorville~~	~~BLD-01857~~	~~Equipment Shelter Pump House~~	~~In Service~~	~~2~~			~~2~~
~~36 - San Bernardino~~	~~10707~~	~~Victor Valley Global Medical Center~~	~~Victorville~~	~~BLD-01858~~	~~Emergency Building Structurally connected to BLD 01856~~	~~Not an Independent Building~~	~~N/A~~			~~N/A~~
~~36 - San Bernardino~~	~~10707~~	~~Victor Valley Global Medical Center~~	~~Victorville~~	~~BLD-01859~~	~~Nursing Wing (BHU/PCU)~~	~~In Service~~	~~2~~	~~0.53~~		~~2~~
~~36 - San Bernardino~~	~~10707~~	~~Victor Valley Global Medical Center~~	~~Victorville~~	~~BLD-01860~~	~~Cath Lab/ICU/Outpatient Surgery~~	~~In Service~~	~~4~~			~~2~~
~~36 - San Bernardino~~	~~10707~~	~~Victor Valley Global Medical Center~~	~~Victorville~~	~~BLD-01861~~	~~Emergency Generator Room~~	~~In Service~~	~~4~~			~~2~~
~~36 - San Bernardino~~	~~10707~~	~~Victor Valley Global Medical Center~~	~~Victorville~~	~~BLD-01862~~	~~Urgent Care E.R. Expansion~~	~~In Service~~	~~3~~			~~2~~
~~36 - San Bernardino~~	~~10707~~	~~Victor Valley Global Medical Center~~	~~Victorville~~	~~BLD-03131~~	~~O.B. Addition~~	~~Under Construction~~	~~N/A~~			~~N/A~~
~~36 - San Bernardino~~	~~10707~~	~~Victor Valley Global Medical Center~~	~~Victorville~~	~~BLD-03132~~	~~Canopy Addition~~	~~In Service~~	~~3s~~			~~2~~
~~36 - San Bernardino~~	~~10707~~	~~Victor Valley Global Medical Center~~	~~Victorville~~	~~BLD-03134~~	~~Helistop~~	~~In Service~~	~~5~~			~~2~~

* 2s, 3s, 4s and 5s indicate SPC/NPC rating self-reported by the hospital and not verified by OSHPD
* 1s is a temporary rating assigned to seismically separate buildings created by retrofits
IND = HAZUS score cannot be determined as building is located on a fault and is equivalent to a HAZUS fail

Exhibit 3 to Section 999.5(d)(5)(J)

oshpd Office of Statewide Health Planning and Development

Director's Office
400 R Street, Suite 310
Sacramento, California 95811-6213
(916) 326-3600
Fax (916) 322-2531
www.oshpd.ca.gov



December 22, 2010

Jason Barker, Administrator
St. Mary Regional Medical Center - 10695
18300 Highway 18
Apple Valley, CA 92307

Dear Jason Barker:

The purpose of this letter is to respond to your request for an extension from the SB 1953 compliance deadline of 2008 for St. Mary Regional Medical Center. Your request for a delay in NPC 3 compliance is based upon SB 499.

We have reviewed the information provided, and agree that the submittal for St. Mary Regional Medical Center meets the requirements of Part 1, Title 24, CCR, Chapter 6, Section 1.5.2, Item 2. Based upon this, an extension to **January 1, 2030** is granted for:

Facility ID # 10695
St. Mary Regional Medical Center
18300 Highway 18
Apple Valley, CA 92307

The extension request is for the below noted buildings:

01	Original Hospital & ER
02	Transitional Care-CCU/ICU
05	Boiler Building
06	Chiller Building
07	Surgery Addition
08	West Addition
09	East Wing
10	Obstetrics/Prenatal/LDR Addition
11	Medical/Surgical
12	New Hospital Building

Buildings noted below are not included in the delay in compliance:

13	MRI Building

Please note the following submittal deadlines contained in Title 24, Part 1, Chapter 6, Article 1:

1. By January 1, 2024, the hospital owner shall submit to the Office a complete nonstructural evaluation up to NPC 5, for each building. (Item 2.3)
2. By January 1, 2026, the hospital owner shall submit to the Office construction documents for NPC 5 compliance that are deemed ready for review by the Office, for each building. (Item 2.4)
3. By January 1, 2028, the hospital owner shall obtain a building permit to begin construction, for NPC 5 compliance of each building that the owner intends to use as a general acute care hospital building after January 1, 2030. Hospitals not meeting the January 1, 2028, deadline set by this section shall not be issued a building permit for any noncompliant building except those required for seismic compliance in accordance with the California Administrative Code (Chapter 6), maintenance, and emergency repairs until the building permit required by this section is issued. (Item 2.5)

If you have any questions, please contact Chris Tokas, Seismic Retrofit Program Supervisor at (916) 440-8300.

Sincerely,

David M. Carlisle, M.D., Ph.D.
Director

cc: Bill Eveloff – Facility Representative
Paul Coleman - Deputy Director, Facilities Development Division
Chris Tokas – Seismic Retrofit Group - FDD
HIRC

Exhibit 4 to Section 999.5(d)(5)(J)

OSHPD

Office of Statewide Health Planning and Development

Facilities Development Division
400 R Street, Suite 200
Sacramento, CA 95811
Phone: (916) 440-8300
Fax: (916) 324-9188
www.oshpd.ca.gov/fdd

August 10, 2016 Revised

Aaron Reynolds - S4338
KPFF Consulting Engineers
6080 Center Drive, Suite 300
Los Angeles, CA 90045

RE: St. Mary Medical Center - #10695
18300 Highway 18 - Apple Valley, CA 92307
Application #SER-2016-00154 - Eval Self Certify
#SER-2016-00155 - Eval Self Certify
#SER-2016-00156 - Eval Self Certify
#SER-2016-00157 - Eval Self Certify

We have reviewed the abbreviated seismic evaluation reports submitted for the above facility and have found the structural portion of the seismic evaluation report is in compliance with the requirements of the CAC Part 1, Chapter 6. This letter constitutes an approval for the SPC and NPC 2 seismic performance rating for each hospital building noted below:

BLD-06087	Filter Building	SPC 5 / NPC 2
BLD-06088	South Building Connector	SPC 5 / NPC 3
BLD-06089	South Building West Canopy	SPC 5 / NPC 3
BLD-06090	South Building South Canopy	SPC 5 / NPC 3

NPC 3 approval date is January 1, 2002. Provide a separate NPC 3 upgrade package for BLD-06087, since it is assumed to contain equipment that that services the Critical Care areas, 2013 California Administrative Code, Chapter 6, Article 11, Table 11.1.

If you need further information regarding SB1953, you may visit our web site at http://www.oshpd.ca.gov/fdd, or contact me at patrick.rodgers@oshpd.ca.gov or by phone at (916) 440-8467.

Respectfully,

Patrick Rodgers,
Senior Structural Engineer
Seismic Compliance Unit

cc: William Eveloff - St. Joseph Health/Petra-ICS
File

OSHPD

Office of Statewide Health Planning and Development

Facilities Development Division
2020 West El Camino Avenue, Suite 800
Sacramento, CA 95833
Phone: (916) 440-8300
Fax: (916) 324-9188
www.oshpd.ca.gov/construction-finance

November 27, 2019

Deborah Woodle - C22244
19SIX ARCHITECTS
560 Higuera Street, Suite C
San Luis Obispo, CA 93401

RE: St. Mary Medical Center - #10695
18300 Highway 18 - Apple Valley, CA 92307
Application #H170231-36-00 - MRI Cassette Installation/Addition

We have reviewed the abbreviated seismic evaluation reports submitted for the above facility and have found the structural portion of the seismic evaluation report is in compliance with the requirements of the CAC Part 1, Chapter 6. This letter constitutes an approval for the SPC and NPC seismic performance rating for each hospital building noted below:

BLD-06320 Inpatient MRI Building SPC 5 / NPC 4

If you need further information regarding SB1953, you may visit our web site at http://www.oshpd.ca.gov/fdd, or contact me at patrick.rodgers@oshpd.ca.gov or by phone at (916) 440-8467.

Respectfully,

Patrick Rodgers,
Senior Structural Engineer
Seismic Compliance Unit

cc: Luis Lazak - St. Mary Medical Center
File

OSHPD

Office of Statewide Health Planning and Development

Facilities Development Division
2020 West El Camino Avenue, Suite 800
Sacramento, CA 95833
Phone: (916) 440-8300
Fax: (916) 324-9188
www.oshpd.ca.gov/construction-finance

September 18, 2020

Deborah Woodle - C22244
19SIX ARCHITECTS
560 Higuera Street, Suite C
San Luis Obispo, CA 93401

RE: St. Mary Medical Center - #10695
18300 Highway 18 - Apple Valley, CA 92307
Application #H172936-36-00 - Emergency Generator Upgrade

We have reviewed the abbreviated seismic evaluation reports submitted for the above facility and have found the structural portion of the seismic evaluation report is in compliance with the requirements of the CAC Part 1, Chapter 6. This letter constitutes an approval for the SPC and NPC seismic performance rating for each hospital building noted below:

BLD-06404	Generator Yard	SPC minus 1 / NPC 4
BLD-06405	Generator Distribution / Transfer Switch Building	SPC 5 / NPC 4

If you need further information regarding SB1953, you may visit our web site at http://www.oshpd.ca.gov/fdd, or contact me at patrick.rodgers@oshpd.ca.gov or by phone at (916) 440-8467.

Respectfully,

Patrick Rodgers

Patrick Rodgers,
Senior Structural Engineer
Seismic Compliance Unit

cc: Luis Lazak - St. Mary Medical Center
File

Facilities Development Division
1600 Ninth Street, Room 420
Sacramento, California 95814
(916) 654-3362
Fax (916) 654-2973
www.oshpd.ca.gov/fdd

December 30, 2004

Chris J. Hickman
KPFF Consulting Engineers
6080 Center Drive, Suite 300
Los Angeles, CA 90045

RE: St. Mary Regional Medical Center - 10695
18300 Highway 18 - Apple Valley, CA 92307
SPC 1 Evaluated Buildings

Dear Chris J. Hickman:

We have reviewed your seismic evaluation report submitted for the referenced facility.

This letter constitutes an approval for the seismic performance ratings as reported for each “hospital building” as noted below.

Building 01 Original Hospital & ER **SPC 1**

Building 02 Transitional Care-CCU/ICU **SPC 1**

Building 05 Boiler Building **SPC 1**

Building 06 Chiller Building **SPC 4**

Building 07 Surgery Addition **SPC 4**

Building 08 West Addition **SPC 4**

Building 09 East Wing **SPC 4**

Building 10 Obstetrics/Prenatal/LDR Addition **SPC 4**

Building 11 Medical/Surgical **SPC 4**

Building 12 New Hospital Building **SPC 5**

Building 13 MRI Building **SPC 1**

Please note that any future structural work, including seismic upgrades or retrofits, must be performed in accordance with the requirements of the edition of the California Building Code in effect at the time the project is submitted. This may require remediation of deficiencies not previously identified in your SPC 1 evaluation.

The NPC 1 portion of the evaluation was previously approved in a letter dated August 08, 2001.

SPC approval for Buildings 06, 07, 08, 09, 10, and 12 was previously granted in a letter dated July 22, 2002.

If you need further information regarding SB 1953, you may visit our web site at www.oshpd.state.ca.us, or you may contact us through Ive Laske at (916) 654-3703.

Sincerely,

Patrick Rodgers
Hospital Seismic Retrofit Program

cc: Catherine Pelley Administrator
Steve Gilbert, Vice President – St. Joseph Health System
File

OFFICE OF STATEWIDE HEALTH PLANNING AND DEVELOPMENT
FACILITIES DEVELOPMENT DIVISION
1600 9th Street, Room 420
Sacramento, California 95814
(916) 654-3362 FAX (916) 654-2973

September 03, 2002

Chris Hickman
KPFF Consulting Engineers
6080 Center Drive, Suite 300
Los Angeles, CA 90045

RE: St. Mary Regional Medical Center – 10695
Building 01 Orig. Hospital, ER, & Boiler Bldg, Building 02 Transitional Care-CCU/ICU-Med/Surg, Building 06 Chiller Building, Building 07 Surgery Addition, Building 08 West Addition, Building 09 East Wing, Building 10 Obstetrics/Prenatal/LDR Addition, Building 12 New Hospital Building, Building 13 MRI Building
18300 Highway 18 - Apple Valley, CA 92307

Dear Chris Hickman:

Due to the limited time in which hospitals are required to achieve an NPC 2 rating, OSHPD is performing partial reviews on the nonstructural portions of the evaluations regarding systems and components in the NPC 2 category.

We have also reviewed your request for NPC 1 to NPC 2 upgrade received on June 3, 2002. Review of the included documentation shows the facility has met the requirements of the CAC Part 1, Chapter 6, Section 1.4.5.1.1.2 for a NPC 1 to NPC 2 upgrade. This letter constitutes an approval for the NPC 2 seismic performance rating for each hospital building in this facility previously given an NPC 1 classification. The approval date for the NPC 2 classification is December 31, 2001.

If you need further information regarding SB 1953, you may visit our web site at www.oshpd.state.ca.us, or you may contact us through Ive Laske at (916) 654-3703.

Sincerely,

Patrick Rodgers
Hospital Seismic Retrofit Program

CC: File
Chuck Queen Assistant VP Const. - St Joseph Health System
Catherine Pelley Administrator - St. Mary Regional Medical Center

Facilities Development Division
1600 Ninth Street, Room 420
Sacramento, California 95814
(916) 654-3362
Fax (916) 654-2973
www.oshpd.ca.gov/fdd

March 21, 2008

Aaron Reynolds
KPFF Consulting Engineers
6080 Center Drive, Suite 300
Los Angeles, CA 90045

RE: St. Mary Regional Medical Center - 10695
18300 Highway 18 - Apple Valley, CA 92307
Package 13 / 14 – HAZUS Re-assessment

Dear Aaron Reynolds:

At your request, we have performed a HAZUS analysis for the subject building(s) utilizing the building and geologic characteristics recommended by your supplemental report submitted with your application requesting to participate in the HAZUS reassessment program, under the requirements of Title 24, Part 1, Chapter 6, Section 1.4.5.1.2.

OSHPD has determined that the building(s) noted below have a probability of collapse below the threshold of 0.75% (see attached results). This letter constitutes an approval of the SPC 2 seismic performance rating for the following building(s):

Building 02 Transitional Care-CCU/ICU
Building 05 Boiler Building

Please note that the buildings must comply with the NPC 3R performance level by January 1, 2013.

If you need further information regarding SB 1953, you may visit our web site at www.oshpd.state.ca.us, or you may contact us through Nellie Forgét at (916) 654-3703.

Sincerely,

Patrick Rodgers
Hospital Seismic Retrofit Program

Enclosure: HAZUS summary sheets for the above noted buildings

cc: Jason Barker – Administrator
File

oshpd Office of Statewide Health Planning and Development

Facilities Development Division
400 R Street, Suite 200
Sacramento, California 95811-6213
(916) 440-8300
Fax (916) 324-9188
www.oshpd.ca.gov/fdd

October 14, 2010

John R. Gavan
KPFF Consulting Engineers
6080 Center Drive, Suite 300
Los Angeles, CA 90045

RE: St. Mary Regional Medical Center - 10695
18300 Highway 18 - Apple Valley, CA 92307
Package 25 – 2010 HAZUS Re-Assessment

Dear John R. Gavan:

At your request, we have performed a 2010 HAZUS analysis for the subject building(s) utilizing the building and geologic characteristics recommended by your supplemental report submitted with your application requesting to participate in the 2010 HAZUS reassessment program, under the requirements of Title 24, Part 1, Chapter 6, Section 1.4.5.1.2.

OSHPD has determined that the building(s) noted below have a probability of collapse below the threshold of 1.20% (see attached results). This letter constitutes an approval of the SPC-2 seismic performance rating for the following building(s):

Building 13 MRI Building

In an effort to complete the review and reassess the subject building utilizing the HAZUS methodology in a reasonable timeframe, the evaluation statements (substantiated or not) which are not pertinent to the change in the SPC rating through the HAZUS methodology have not been reviewed for compliance with the requirements of Title 24, Part, Chapter 6 Articles 1 through 10 and therefore the attached results do not reflect the complete list of potential deficiencies.

If you need further information regarding SB 1953, you may visit our web site at www.oshpd.state.ca.us or contact Kelie Zimmer at kzimmer@oshpd.ca.gov or (916) 440-8472.

Sincerely,

Patrick Rodgers
Hospital Seismic Retrofit Program

Enclosure: HAZUS summary sheets for the above noted buildings

cc: Jason Barker – Administrator
Bill Eveloff – St. Joseph Health Care
File

oshpd Office of Statewide Health Planning and Development

Facilities Development Division
400 R Street, Suite 200
Sacramento, California 95811-6213
(916) 440-8300
Fax (916) 324-9188
www.oshpd.ca.gov/fdd

July 06, 2010

Aaron Reynolds
KPFF Consulting Engineers
6080 Center Drive, Suite 300
Los Angeles, CA 90045

RE: St. Mary Regional Medical Center - 10695
18300 Highway 18 - Apple Valley, CA 92307
Package 12 – HAZUS RE-Assessment

Dear Aaron Reynolds:

At your request, we have performed a HAZUS analysis for the subject building(s) utilizing the building and geologic characteristics recommended by your supplemental report submitted with your application requesting to participate in the HAZUS reassessment program, under the requirements of Title 24, Part 1, Chapter 6, Section 1.4.5.1.2.

OSHPD has determined that the building(s) noted below have a probability of collapse below the threshold of 0.75% (see attached results). This letter constitutes an approval of the SPC-2 seismic performance rating for the following building(s):

Building 01 Original Hospital & ER

Furthermore, please be advised that, evaluation statements of the full seismic evaluation report marked as true and not substantiated as required by Title 24, Part 1, Chapter 6, have been considered as False by the office. This however does not alter the SPC status currently assigned to your building and therefore the attached results do not reflect the complete list of potential deficiencies.

If you need further information regarding SB 1953, you may visit our web site at www.oshpd.state.ca.us or contact Kelie Zimmer at kzimmer@oshpd.ca.gov or (916) 440-8472.

Sincerely,

Patrick Rodgers
Hospital Seismic Retrofit Program

Enclosure: HAZUS summary sheets for the above noted buildings

cc: Jason Barker – Administrator
File

#24

11 Cal. Code Reg. Section 999.5(d)(5)(K)

A description of each measure proposed by the applicant to mitigate or eliminate any potential adverse effect on the availability or accessibility of health care services to the affected community that may result from the agreement or transaction

The Transaction is not expected to have an adverse effect on the availability or accessibility of healthcare services. In fact, the parties anticipate that the Transaction will generally provide greater availability and accessibility of healthcare services to the affected community.

#25

11 Cal. Code Reg. Section 999.5(d)(5)(L)

A list of the primary languages spoken at the health facility or facility that provides similar health care and the threshold languages for Medi-Cal beneficiaries, as determined by the State Department of Health Care Services for the county in which the health facility or facility that provides similar health care is located

Facility	Primary Languages Spoken at Facility	Threshold Languages for Medi-Cal Beneficiaries
St. Mary Medical Center	English Spanish	Mandarin Spanish Vietnamese

11 Cal. Code Reg. Section 999.5(d)(6)

POSSIBLE EFFECT ON COMPETITION

#26

11 Cal. Code Reg. Section 999.5(d)(6)(A)

For any agreement or transaction for which a Premerger Notification and Report Form is required to be submitted to the Federal Trade Commission under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, a brief analysis of the possible effect of any proposed merger or acquisition of each health care facility or facility that provides similar health care that is the subject of the agreement or transaction on competition and market share in any relevant product or geographic market

A Premerger Notification and Report Form is not required to be submitted under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 for the Transaction or any definitive agreement pertaining thereto.

#27

11 Cal. Code Reg. Section 999.5(d)(6)(B)

Copy of the Premerger Notification and Report Form and any attachments thereto as filed with the Federal Trade Commission pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of 1976 and 16 C.F.R. Parts 801-803

A Premerger Notification and Report Form is not required to be submitted under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 for the Transaction or any definitive agreement pertaining thereto.

11 Cal. Code Reg. Section 999.5(d)(7)

OTHER PUBLIC INTEREST FACTORS

#28

11 Cal. Code Reg. Section 999.5(d)(7)

Other Public Interest Factors

The parties believe that the Transaction is in the best interest of the public, and in particular, the residents of the community served by SMMC by providing high quality, locally accessible health care, and attracting and retaining high quality physicians. The parties also share common charitable missions to promote and improve the health of the individuals living in the communities they serve, including by providing expanded access to high quality health care services.

The Transaction will also fund a long term financial commitment for the construction of a new seismically compliant, state-of-the-art replacement facility that would, upon completion, replace the current Hospital facility of SMMC. In addition, the Transaction includes commitments for continued investment in the Hospital in ways that will benefit the community it serves and allow for a continued focus on quality patient care, excellence in its staffing, and the ongoing fulfillment of SMMC's historic mission for the benefit of its physicians, employees and the communities of the High Desert region. The parties anticipate that the shared clinical expertise of the parties resulting from the Transaction will further benefit SMMC patients, physicians and allied clinical staff.

As further described in Section 999.5(d)(1)(C) of this Notice, the parties expect the Transaction to help maintain SMMC's legacy of over 65 years and its connection to the High Desert community it serves and to provide for an ongoing commitment to advancing SMMC's existing mission and unique culture as a community institution.

11 Cal. Code Reg. Section 999.5(d)(8)

BOARD RESOLUTION AUTHORIZING FILING OF NOTICE

#29

11 Cal. Code Reg. Section 999.5(d)(8)

Resolution of the board of directors of the applicant authorizing the filing of the written notice and a statement by the chair of the board that the contents of the written notice are true, accurate and complete

1. Attached to this Section 999.5(d)(8) as **Exhibit 1** is a copy of the board resolutions of SMMC that approved the Transaction and authorized all actions necessary to effectuate the Transaction, which includes the filing of this Notice.

2. Attached to this Section 999.5(d)(8) as **Exhibit 2** is the statement of the chair of the board of SMMC that the contents of the written notice are true, accurate, and complete.

Exhibit 1 to Section 999.5(d)(8)

COMMUNITY MINISTRY BOARD OF
ST. MARY MEDICAL CENTER

RESOLUTIONS REGARDING
PROJECT BLOSSOM

October 28, 2020

WHEREAS, St. Mary Medical Center, a California nonprofit public benefit corporation ("**SMMC**"), owns and operates an acute care hospital known as "St. Mary Medical Center" located in Apple Valley, California (the "**Hospital**").

WHEREAS, Providence St. Joseph Health and SMMC management ("**Management**") has engaged in robust negotiations with Kaiser Foundation Health Plan, Inc. and Kaiser Foundation Hospitals (collectively, "**Kaiser**") regarding "Project Blossom," which involves a strategic partnership with the goal of creating a joint venture for the capitalization of a replacement facility for the Hospital in Apple Valley and the co-ownership of the Hospital between SMMC and Kaiser going forward where SMMC would own a majority ownership interest in the joint venture and Kaiser would own a minority ownership interest in the joint venture.

WHEREAS, the parties are in the process of finalizing: (i) a Contribution Agreement governing SMMC's transfer of the Hospital's assets to the new joint venture, (ii) an Operating Agreement to govern the joint venture once the Hospital is contributed, (iii) an Affiliation Agreement that will govern the overall relationship between SMMC and Kaiser with respect to the joint venture, (iv) a Management Agreement that will govern SMMC's day-to-day management of the Hospital once contributed to the joint venture, (v) Health Care Services Agreements that govern rates and other terms related to Kaiser's reimbursement for certain services provided at the Hospital to members of Kaiser's health plans, (vi) a Care Model Agreement to ensure the quality of care and continuity of care of Kaiser members at the new Hospital, and (vii) other ancillary agreements relating to the joint venture (collectively, the "**Definitive Agreements**").

WHEREAS, the Community Ministry Board of SMMC (the "**Board**") has had the material terms of the Definitive Agreements, attached hereto as **Exhibit A**, explained to them by Management, and have had an opportunity to ask questions of Management and advisors concerning the transaction;

WHEREAS, substantial internal discernment has focused on the ability to create a relationship that would enable both Providence St. Joseph Health and Kaiser to extend the healing ministry of Jesus by improving the health and quality of life, especially for the poor and vulnerable, in the diverse and complementary communities served;

WHEREAS, as a result of such discernment and those discussions, SMMC has determined that partnering with Kaiser through the formation of the joint venture over the Hospital is consistent with SMMC's mission, vision and values, and would be in the best interests of SMMC and the communities it serves; and

WHEREAS, the Board desires to recommend approval of the Definitive Agreements and consummation of the transactions contemplated therein to the Southern California Regional Board, the Boards of Directors of Covenant Health Network, St. Joseph Health System, Providence St. Joseph Health, and the Providence St. Joseph Health Sponsors Council.

NOW, THEREFORE, BE IT RESOLVED, that the Board recommends that the Southern California Regional Board, the Boards of Directors of Covenant Health Network, St. Joseph Health System, Providence St. Joseph Health, and the Providence St. Joseph Health Sponsors Council approve the creation of a joint venture with Kaiser to co-own and operate the Hospital and to capitalize the construction of a replacement facility for the Hospital in Apple Valley, contingent upon receipt of all regulatory approvals, recognizing that the creation of such a joint venture is consistent with SMMC's mission, vision and values and is in the best interest of SMMC;

BE IT FURTHER RESOLVED, that the Board recommends that the Southern California Regional Board, the Boards of Directors of Covenant Health Network, St. Joseph Health System, Providence St. Joseph Health, and the Providence St. Joseph Health Sponsors Council approve the material terms of the Definitive Agreements as such have been presented to the Board;

BE IT FURTHER RESOLVED, that until the transactions set forth in the Definitive Agreements are consummated, Management shall provide the Board with status reports and the opportunity for continued mutual discernment and feedback; and

BE IT FINALLY RESOLVED, that the Board recommends that the Southern California Regional Board, the Boards of Directors of Covenant Health Network, St. Joseph Health System, Providence St. Joseph Health, and the Providence St. Joseph Health Sponsors Council empower Management to approve any subsequent changes to the material terms of the Definitive Agreements or new material terms, without further action by the Board, and take other such actions necessary to effectuate the intent of the foregoing recitals and resolutions.

ADOPTED THIS 28TH DAY OF OCTOBER, 2020

[redacted]

Chair, Community Ministry Board
St. Mary Medical Center

Exhibit A

Material Terms

- SMMC and KP will form a joint venture to build a replacement hospital

- SMMC will contribute the hospital assets and business (other than existing facility), land to build the new hospital and approximately $600M cash in exchange for majority control (70%). Kaiser Permanente will contribute between approximately $280M-$300M in cash in exchange for a minority interest (30%). The remaining balance for construction costs will be debt-financed by the joint venture.

- Until the new hospital facility is operational, all results of operations will be solely for PSJH. KP's participation in upside/downside begins when the new hospital facility is operational, which is expected to be in 2026.

- The new hospital will be Catholic-sponsored and operated in compliance with the ERDs.

- PSJH will occupy 7 of 10 board seats and all operations, staffing, and leadership will be provided by PSJH

- There will be a Quality Committee that will review and address issues related to quality of services provided at SMMC Hospital

- SMMC will continue to utilize PSJH payer contracts

- Simultaneous with LLC formation, SMMC and KP will enter into a non-exclusive agreement for the provision of health care services at a discounted rate to KP members

- The joint venture will agree to be bound by a Care Model Agreement to ensure the quality of care and continuity of care of KP members at the new hospital.

Exhibit 2 to Section 999.5(d)(8)

BOARD CHAIR'S STATEMENT

I, Adolph Collaso, Chair of the Board of Trustees of St. Mary Medical Center, a California nonprofit public benefit corporation ("SMMC"), confirm that I believe the contents of the written notice from SMMC to the California Attorney General under California Corporations Code Section 5920 are true, accurate and complete.

By: _____
Adolph Collaso
Board Chair

11 Cal. Code Reg. Section 999.5(d)(9)

TRANSFEREE INFORMATION

#30

11 Cal. Code Reg. Section 999.5(d)(9)

List of officers and directors of the transferee, the most recent audited financial statements, transferee's governance documents, and a description of the transferee's policies, procedures, and eligibility requirements for the provision of charity care

Officers and Managers

- The sole corporate officer of the LLC is Randall Castillo, who serves as the Chief Executive of the LLC.

- The managers of the LLC are as follows:
    1. Kevin Manemann
    2. P.K. Khurana
    3. Sister Judith Dugan
    4. Prash Kumar, M.D.
    5. Ziad El Hajjaoui, M.D.
    6. Jovy Yankaskas
    7. Randall Lewis
    8. Alfonse Upshaw
    9. Lesley Wille
    10. Georgina Garcia

Audited Financial Statements

- The LLC is a California limited liability company that was newly formed on January 13, 2021. Accordingly, there are no current audited financial statements available for the LLC.

Governance Documents

- Attached to this Section 999.5(d)(9) as **Exhibit 1** is a copy of the LLC's Articles of Organization.

- See Exhibit A to the Contribution Agreement between SMMC and the LLC submitted as Exhibit 1 to Section 999.5(d)(1)(B) for a copy of the Operating Agreement of the LLC.

Charity Care Policies and Procedures

- The form of charity care policy the LLC intends to use after the completion of the Transaction, which includes eligibility requirements for the provision of charity care, is attached as Exhibit A to the Management Services Agreement between SMMC and the LLC. See Exhibit B to the Contribution Agreement between SMMC and the LLC submitted as Exhibit 1 to Section 999.5(d)(1)(B) for a copy of the Management Services Agreement between SMMC and the LLC.

Exhibit 1 to Section 999.5(d)(9)

202104210036

Secretary of State
Articles of Organization
Limited Liability Company (LLC)

LLC-1

IMPORTANT — Read Instructions before completing this form.

Filing Fee – $70.00

Copy Fees – First page $1.00; each attachment page $0.50; Certification Fee - $5.00

Note: LLCs may have to pay minimum $800 tax to the California Franchise Tax Board each year. For more information, go to https://www.ftb.ca.gov.

FILED
Secretary of State
State of California
JAN 13 2021

This Space For Office Use Only

1. Limited Liability Company Name (See Instructions – Must contain an LLC identifier such as LLC or L.L.C. "LLC" will be added, if not included.)

St. Mary Medical Center, LLC

2. Business Addresses

a. Initial Street Address of Designated Office in California - Do not enter a P.O. Box	City (no abbreviations)	State	Zip Code
18300 Highway 18	Apple Valley	CA	92307
b. Initial Mailing Address of LLC, **if different than item 2a**	City (no abbreviations)	State	Zip Code

3. Service of Process (Must provide either Individual **OR** Corporation.)

INDIVIDUAL – Complete Items 3a and 3b only. Must include agent's full name and California street address.

a. California Agent's First Name (if agent is **not** a corporation)	Middle Name	Last Name	Suffix

b. Street Address (if agent is not a corporation) - **Do not enter a P.O. Box**	City (no abbreviations)	State	Zip Code
		CA	

CORPORATION – Complete Item 3c. Only include the name of the registered agent Corporation.

c. California Registered Corporate Agent's Name (if agent is a corporation) – Do not complete Item 3a or 3b

Business Filings Incorporated

4. Management (Select **only** one box)

The LLC will be managed by:

☐ One Manager ☒ More than One Manager ☐ All LLC Member(s)

5. Purpose Statement (Do not alter Purpose Statement)

The purpose of the limited liability company is to engage in any lawful act or activity for which a limited liability company may be organized under the California Revised Uniform Limited Liability Company Act.

6. By signing, I affirm under penalty of perjury that the information herein is true and correct and that I am authorized by California law to sign.

Additional signatures set forth on attached pages, if any, are incorporated herein by reference and made part of this Form LLC-1. (All attachments should be 8 ½ x 11, one-sided, legible and clearly marked as an attachment to this Form LLC-1.)

Organizer sign here

Erik Wexler
Print your name here

Attachment to Form LLC-1 for St. Mary Medical Center, LLC

ARTICLE I

ORGANIZATION AND OPERATION

St. Mary Medical Center, LLC (the "LLC") is organized and operated exclusively for hospital and charitable purposes, and in particular is operated exclusively to further the exempt purposes, as specified in §501(c)(3) of the Internal Revenue Code of 1986, as amended (the "IRC") and §214 of the California Revenue & Taxation Code ("R&TC"), of its members.

ARTICLE II

MEMBERS

A. The members of the LLC are: (1) St. Mary Medical Center, a California nonprofit public benefit corporation ("SMMC"), which is exempt under IRC §501(c)(3) and R&TC §23701d and qualifies for exemption under R&TC §214, and (2) Kaiser Foundation Hospitals, a California nonprofit public benefit corporation ("Kaiser"), which is exempt under IRC §501(c)(3) and R&TC §23701d and qualifies for exemption under R&TC §214.

B. The members of the LLC are organized and operated for charitable and/or hospital purposes in compliance with IRC §501(c)(3) and R&TC §§214 and 254.6.

C. Each member of the LLC shall be a Qualifying Organization. A Qualifying Organization is an organization that is exempt under IRC §501(c)(3) and R&TC §23701d and that qualifies for exemption under R&TC §214.

D. No transfer, whether direct or indirect, of any membership interest in the LLC shall be made to any person or entity that is not a Qualifying Organization.

E. The members of the LLC shall expeditiously and vigorously enforce all of their rights in the LLC and will pursue all legal and equitable remedies to protect their interests in the LLC.

202104210036

ARTICLE III

CHARITABLE PURPOSES AND CATHOLIC IDENTITY

A. The LLC is organized to exclusively further, and shall be operated and managed in a manner that exclusively furthers, SMMC's and Kaiser's tax-exempt charitable and/or hospital purposes under IRC §501(c)(3) and as specified in R&TC §214, in accordance with the following:

(i) The LLC shall be operated and managed in a manner that is exclusively in furtherance of SMMC's and Kaiser's tax-exempt charitable purposes under IRC §501(c)(3) and as specified in R&TC §214, including, without limitation, providing assistance to the community for any charitable purposes, such as promoting health and providing or expanding access to quality healthcare services in a manner that promotes health for the benefit of the community or provides relief to the poor and distressed, both within the meaning of IRC §501(c)(3) and as specified in R&TC §214. In furtherance of the foregoing, the LLC shall not take any action or fail to take any action that would, as determined by SMMC and Kaiser (each with respect to itself and its affiliates): (i) materially adversely affect the tax-exempt status of SMMC, Kaiser or any of their affiliates under IRC §501(c)(3) or status as a qualifying organization under R&TC §214, the IRC Regulations adopted in respect to IRC §501(c)(3) or SMMC's, Kaiser's or any of their affiliates' classification as a public charity under the applicable provisions of IRC §509, (ii) involve or reasonably be expected to lead to an alleged participation by either member or the LLC in an excess benefit transaction under IRC §4958, or (iii) cause SMMC, Kaiser or any of their tax-exempt affiliates to incur or recognize "unrelated business taxable income" within the meaning of IRC §512 in an amount that could reasonably be determined to jeopardize the tax-exempt status of SMMC, Kaiser or any of their tax-exempt affiliates.

(ii) The business of the LLC shall at all times be operated and managed in compliance with the charitable and exempt purposes of SMMC and Kaiser in a manner that will: (w) further the fulfilment of the tax-exempt purposes of SMMC and Kaiser by enhancing the quality, availability, convenience and access of healthcare services provided within the community; (x) provide services in accordance with charity care, financial assistance, pricing, and billing and collection policies and procedures consistent with the charitable and tax-

exempt purposes of SMMC and Kaiser; (y) cause any "hospital facility" operated by the LLC (as determined pursuant to IRC §501(r) and the IRC Regulations thereunder) to comply with the requirements of IRC §501(r) and the IRC Regulations thereunder; and (z) assure that any hospital facility operated by the LLC is conducted in such a manner as to satisfy the community benefits standard generally required of hospitals under IRC §501(c)(3).

B. The LLC is a Catholic-sponsored entity and its activities shall be carried out in a manner consistent with the moral and social teachings of the Roman Catholic Church and the guidance of the United States Conference of Catholic Bishops. These sources provide the foundation for how the apostolic and charitable works of Providence Ministries are to be carried out. In particular, the activities of the LLC shall be consistent with the Ethical and Religious Directives for Catholic Health Care Services (as defined in the operating agreement of the LLC) as interpreted and applied by the Bishop of San Bernardino. Among the members, SMMC shall exclusively determine and oversee compliance with the Catholic Identity Standards (as defined in the operating agreement of the LLC) in accordance with Section 3.02(b) of the operating agreement of the LLC (the "Operating Agreement"). Under canon law of the Roman Catholic Church ("Canon Law"), Providence Ministries, a public juridic person that is the religious sponsor of the LLC under Canon Law, shall retain its canonical stewardship with respect to those facilities, real or personal property, and other assets that constitute the temporal goods belonging, by operation of Canon Law, to Providence Ministries. No alienation, within the meaning of Canon Law, of property considered to be stable patrimony of Providence Ministries shall occur without prior approval of Providence Ministries and Providence St. Joseph Health ("Providence"), a Catholic-sponsored integrated healthcare system exempt from federal income tax as an organization described in IRC §501(c)(3).

ARTICLE IV

IRREVOCABLE DEDICATION OF ASSETS

A. The property located in California and other assets owned by the LLC shall be irrevocably dedicated to the exempt purposes set forth in Article I, consistent with the requirements for obtaining property tax exemption pursuant to R&TC §214, and no part of the net income or assets of the LLC shall ever inure to the benefit of any private person.

B. Upon the liquidation, dissolution or abandonment of the LLC, all assets remaining after the payment or provision of payment of all debts and liabilities of the LLC shall be distributed to the members in proportion to their respective percentage ownership interests, so long as the member is an organization that is organized and operated exclusively for charitable purposes, as specified in R&TC §214, and that has established its tax-exempt status under IRC §501(c)(3) and R&TC §23701d; and, if the member is not so described, such member's portion of the remaining assets shall be distributed to an organization that is organized and operated exclusively for charitable purposes, as specified in R&TC §214, and that has established its tax-exempt status under IRC §501(c)(3) and R&TC §23701d.

C. To the fullest extent permitted by law, for the purpose of qualifying for the welfare exemption under the rules of the California Board of Equalization and federal income tax exemption as an organization described in IRC §501(c)(3), the LLC is prohibited from merging with or into, or converting into, a for-profit entity.

D. The LLC shall not distribute any assets to any member that ceases to be a Qualifying Organization.

E. Should a member cease to be a Qualifying Organization, the members shall follow the proeedure set forth in Section 2.08 of the Operating Agreement regarding the disposition of such member's membership interest.

F. The LLC, interests in the LLC (other than a membership interest), or the assets of the LLC may only be availed of or transferred to (whether directly or indirectly) any nonmember other than a Qualifying Organization in exchange for fair market value.

ARTICLE V

AMENDMENTS

These Articles of Organization are consistent with California law governing limited liability companies, are enforceable at law and in equity and may be amended only by the members such that the amended Articles of Organization are consistent with IRC §501(c)(3) and R&TC §214. Any amendments to these Articles of Organization or the Operating Agreement (a)

shall be consistent with IRC §501(c)(3) and R&TC §214, and (b) shall be made only in accordance with Section 12.12 of the Operating Agreement.

4812-2329-1604.1
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11 Cal. Code Reg. Section 999.5(d)(10)

PUBLIC COMMUNICATIONS

#31

11 Cal. Code Reg. Section 999.5(d)(10)

A description of the applicant's efforts to inform local governmental entities, professional staff, and employees of the health facilities, and the general public of the proposed transaction

SMMC has made great efforts to inform its community and key stakeholders of the proposed Transaction, including local governmental entities, professional staff, and employees of SMMC. The parties have utilized a variety of communication strategies, including press releases, letters, e-mails, organizational announcements/newsletters and community meetings. Responses to the proposed Transaction have been positive and supportive.

1. Attached to this Section 999.5(d)(10) as **Exhibit 1** are copies of communications related to the Transaction, including:

- Press Release, dated June 3, 2021, announcing the Transaction.
- Stakeholder memorandum, dated June 3, 2021, provided to SMMC's Southern California caregivers.

2. Attached to this Section 999.5(d)(10) as **Exhibit 2** is a copy of the statement by the City of Apply Valley, dated June 3, 2021, relating to the Transaction ("City Statement").

Exhibit 1 to Section 999.5(d)(10)

CONTACT
Pat Aidem, director of Media Relations, Providence
661-755-1322

Providence and Kaiser Permanente join to build new hospital in San Bernardino County

Facility expected to open in 2026; will expand high-quality health care in the High Desert

VICTORVILLE, Calif. (June 3, 2021) – Two of Southern California's most prominent health care organizations are coming together to build and operate a new hospital in the High Desert region of San Bernardino County, pending regulatory review and approval. With approximately 260 beds, the new hospital will be built in Victorville and will replace the existing Providence St. Mary Medical Center in the nearby community of Apple Valley.

The High Desert community, including its Kaiser Permanente members, will be able to access the new hospital, which is expected to open in 2026. Both Providence St. Mary medical staff, including St. Mary High Desert Medical Group, and Kaiser Permanente physicians will deliver care at the new facility. Providence will serve as the employer and operating manager of the hospital.

"Health care delivery has become very complex and Providence has found that affiliations truly benefit the communities we serve, particularly areas with significant rates of serious health risks," said Erik G. Wexler, President of Operations and Strategy, Providence – South. "We are impressed by Kaiser Permanente's integrated model of high-quality care and see this affiliation as an opportunity that will advance care for all residents of the High Desert community."

Both organizations are committed to meeting the needs of this underserved region by expanding access to quality and affordable care. The city of Victorville, the largest in the High Desert, has a 22.8 percent poverty rate, which is high compared to state and national averages and includes vulnerable populations that experience health disparities.

The hospital will be built on acreage purchased in 2007 for a new St. Mary Medical Center campus and will create new construction jobs in the High Desert. The existing hospital in Apple Valley does not meet the more stringent state seismic requirements that take effect in 2030 and it would be neither financially nor operationally feasible to bring it into compliance. Providence will work with the community to determine the future of the existing Apple Valley site.

"The High Desert community is growing, and we must advance how we deliver health care to meet the changing needs of our community," said Bill Caswell, Senior Vice President and Chief Operating Officer, Kaiser Permanente Southern California. Dr. Gregory Kelman, Regional Medical Director, Operations, for Southern California Permanente Medical Group said, "This partnership will combine the resources and care networks of both our organizations to provide high quality, affordable health care in the High Desert for years to come."

The new hospital will retain its Catholic identity and continue to follow the Ethical and Religious Directives (ERDs) for Catholic health care. Kaiser Permanente will continue to arrange for the provision of all the health services for its patients. Both organizations respect one another's philosophy of health care practices.

Providence St. Mary Chief Executive Randy Castillo will maintain his leadership position. Providence will continue to have primary responsibility for operational oversight, with input from Kaiser Permanente.

"The COVID-19 pandemic, which has hit our community so hard, highlighted the need for a new hospital that will meet our area's growing health care needs," Castillo said. "We sought a partner that shares our goals and our vision to increase access to care, especially in under-served communities."

Providence and Kaiser Permanente continue to work with state and local officials to address any concerns and to obtain the necessary approvals for the hospital campus.

About Providence Southern California

Providence Southern California is a not-for-profit Catholic health network with 11 hospitals, outpatient surgical centers, provider clinics, TrinityCare Hospice and its TrinityKids Care pediatric hospice, Providence High School, home health care services, wellness centers and numerous physician groups in its Southern California Region. Together these ministries, including secular affiliates and some representing other faiths, have approximately 31,000 employees – called caregivers – and nearly 5,200 physicians on staff.

Providence Southern California is part of Providence, formerly Providence St. Joseph Health, a health system of 111,000 caregivers serving in 52 hospitals, 829 clinics and a comprehensive range of services across Alaska, California, Montana, New Mexico, Oregon, Texas and Washington. PSJH strives to increase access to health care and bring quality, compassionate care to those we serve, with a focus on those most in need.

About Kaiser Permanente

Kaiser Permanente is committed to helping shape the future of health care. We are recognized as one of America's leading health care providers and not-for-profit health plans. Founded in 1945, Kaiser Permanente has a mission to provide high-quality, affordable health care services and to improve the health of our members and the communities we serve. We currently serve 12.4 million members in 8 states and the District of Columbia. Care for members and patients is focused on their total health and guided by their personal Permanente Medical Group physicians, specialists, and team of caregivers. Our expert and caring medical teams are empowered and supported by industry-leading technology advances and tools for health promotion, disease prevention, state-of-the-art care delivery, and world-class chronic disease management. Kaiser Permanente is dedicated to care innovations, clinical research, health education, and the support of community health.

MEMORANDUM

To: Southern California Caregivers
From: Erik G. Wexler, President, Operations and Strategy - South
Randy Castillo, Chief Executive, Providence St. Mary Medical Center
Date: June 3, 2021
RE: Providence and Kaiser Permanente Join to Build New Hospital to Replace St. Mary Medical Center, San Bernardino County

We are excited to announce that Providence and Kaiser Permanente are coming together to build a state-of-the-art replacement hospital for Providence St. Mary Medical Center in Victorville, pending regulatory review and approval. This new hospital will expand access to high-quality affordable care, in a state-of-the-art setting to meet the anticipated growth needs of the High Desert communities.

Both Providence St. Mary medical staff, including St. Mary High Desert Medical Group, and Kaiser Permanente medical teams will deliver care at the new facility.

Working together, we will advance access to primary care and specialty care, embrace innovation, enhance the patient experience, and live our shared mission of serving the needs of our communities. We are proud to partner in this exciting endeavor, recognizing each organization's reputation for outstanding clinical quality and value-based care models.

Together, our organizations will build a new hospital with approximately 260 beds in private rooms, centrally located in Victorville on acreage purchased in 2007 for the replacement campus.

The new hospital will retain its Catholic identity and continue to follow the Ethical and Religious Directives (ERDs) for Catholic health care. Kaiser Permanente will continue to arrange for the provision of all the health services for its patients. Both organizations respect one another's philosophy of health care practices.

Providence St. Mary Chief Executive Randy Castillo will maintain his leadership position. Providence will continue to have primary responsibility for operational oversight, subject to input by Kaiser Permanente. All caregivers of Providence St. Mary will remain employed by Providence, and their status and benefits will not change. Kaiser Permanente physicians will be a part of the Providence St. Mary medical staff, providing care to Kaiser Permanente members.

We will provide ongoing updates including additional details about this exciting affiliation that will help us continue to bring quality health care services to the people of the High Desert. The new hospital is expected to open in 2026.

Please join us in celebrating the anticipated reformation of this ministry for this wonderful community and its caregivers!

Exhibit 2 to Section 999.5(d)(10)

Apple Valley News

Apple Valley Responds to St. Mary Medical Center departure

Post Date: 06/03/2021

Apple Valley Responds to St. Mary Medical Center departure

Apple Valley, CA— *June 3, 2021:* Dedicated in November 1956, St. Mary Medical Center has been a hub of community health in Apple Valley for nearly 65 years. Thanks in part to numerous community and corporate donors who rallied to build and retain the local hospital, it has grown from its origins as a 29-bed acute care and maternity facility to a 213-bed premier medical center.

Unfortunately, California earthquake laws that require hospitals to make costly building upgrades by 2030 may leave Apple Valley without a hospital or emergency room. On Thursday, Providence Southern California announced its partnership with Kaiser Permanente to move its operations to a new hospital it will build in Victorville instead of retrofitting the current building.

“This news is extremely disappointing,” said Mayor Curt Emick. “The Town is asking Providence to recognize the commitment of the people who pursued the original fundraising to bring St. Mary Medical Center to fruition, and the fundraising of so many supporters over the years, to keep the hospital open or replace it with one in Apple Valley.”

The hospital’s departure will leave the community significantly further from any emergency room and critical care services. While the hospital’s press statement indicates they are interested in finding a re-use of the facility, the Town would support and assist, to the extent possible, any course of action that results in the building of a local replacement that meets the new earthquake standards.

Return to full list >>

11 Cal. Code Reg. Section 999.5(d)(11)

ADDITIONAL ATTACHMENTS

#32

11 Cal. Code Reg. Section 999.5(d)(11)(A)

Any board minutes or other documents relating or referring to consideration by the board of directors of the applicant and any related entity, or any committee thereof of the transaction or of any other possible transaction involving any of the health facilities that are the subject of the transaction

The SMMC board meeting minutes are being submitted under separate cover to the California Attorney General in accordance with Section 999.5(c)(3).

#33

11 Cal. Code Reg. Section 999.5(d)(11)(B)

Copies of all documents relating or referring to the reasons why any potential transferee was excluded from further consideration as a potential transferee for any of the health facilities or facilities that provide similar health care that are the subject of the agreement or transaction

As described in this Notice, SMMC did not conduct a formal request for proposal (RFP) process. In response to this Section 999.5(d)(11)(B), please refer to the documents attached to Section 999.5(d)(2)(D) and the documents attached to Section 999.5(d)(11)(A) and Section 999.5(d)(11)(C) of this Notice, which reflect the deliberative process used by SMMC that ultimately resulted in the execution of the Contribution Agreement with the LLC as the entity to participate in the Transaction.

#34

11 Cal. Code Reg. Section 999.5(d)(11)(C)

Copies of all Requests for Proposal sent to any potential transferee, and all responses received

As described in this Notice, SMMC did not undertake a formal RFP process and accordingly, SMMC did not send any RFPs to potential partners. In response to this Section 999.5(d)(11)(C), please refer to the Letter of Intent submitted as Exhibit 1 to Section 999.5(d)(1)(C) and the response to Section 999.5(d)(11)(A) and related exhibits.

#35

11 Cal. Code Reg. Section 999.5(d)(11)(D)

All documents reflecting the deliberative process used by the applicant and any related entity in selecting the transferee as the entity to participate in the proposed agreement or transaction

In response to this Section 999.5(d)(11)(D), please refer to the documents attached to Section 999.5(d)(2)(D) and the documents attached to Section 999.5(d)(11)(A) and Section 999.5(d)(11)(C) of this Notice, which reflect the deliberative process used by SMMC that ultimately resulted in the execution of the Contribution Agreement with the LLC as the entity to participate in the Transaction.

#36

11 Cal. Code Reg. Section 999.5(d)(11)(E)

Copies of each Proposal received by the applicant from any potential transferee suggesting the terms of a potential transfer of Applicant's health facilities, and any analysis of each such Proposal

SMMC did not undertake a formal solicitation process or send any RFPs to potential partners. In response to this Section 999.5(d)(11)(E), please see refer to the Letter of Intent (attached as Exhibit 1 to Section 999.5(d)(1)(C) of this Notice), and the Contribution Agreement (attached as Exhibit 1 to Section 999.5(d)(1)(B) of this Notice).

#37

11 Cal. Code Reg. Section 999.5(d)(11)(F)

The applicant's prior two annual audited financial statements, the applicant's most current unaudited financial statement, business projection data and current capital asset valuation data

1. Attached to this Section 999.5(d)(11)(F) as **Exhibit 1** is SMMC's audited financial statement for year ended 2020.

2. Attached to this Section 999.5(d)(11)(F) as **Exhibit 2** is SMMC's audited financial statement for year ended 2019.

3. Attached to this Section 999.5(d)(11)(F) as **Exhibit 3** is SMMC's unaudited financial statement for the one month ended January 31, 2021.

4. Attached to this Section 999.5(d)(11)(F) as **Exhibit 4** is SMMC's capital asset valuation data as of April 30, 2021.

5. SMMC's business protection data is being submitted under separate cover to the California Attorney General in accordance with Section 999.5(c)(3).

Exhibit 1 to Section 999.5(d)(11)(F)

Providence

CONTINUING DISCLOSURE ANNUAL REPORT

Information Concerning

PROVIDENCE ST. JOSEPH HEALTH
AND THE OBLIGATED GROUP

The Continuing Disclosure Annual Report (the Annual Report) is intended solely to provide certain limited financial and operating data in accordance with undertakings of Providence and the Members of the Obligated Group under Rule 15c2-12 (the Undertaking) and does not constitute a reissuance of any Official Statement relating to the bonds referenced above or a supplement or amendment to such Official Statement.

The Annual Report contains certain financial and operating data for the quarter ended December 31, 2020. Providence has undertaken no responsibility to update such data since December 31, 2020, except as set forth herein. This Annual Report may be affected by actions taken or omitted or events occurring after the date hereof. Providence has not undertaken to determine, or to inform any person, whether any such actions are taken or omitted, or events do occur. Providence disclaims any obligation to update this Annual Report, or to file any reports or other information with repositories, or any other person except as specifically required by the Undertaking.

TABLE OF CONTENTS

About Providence

Our Organization

Providence St. Joseph Health (Providence) is a national, not-for-profit Catholic health system comprising a diverse family of organizations driven by a belief that health is a human right. With 51 hospitals, nearly 1,000 clinics, and many other health and educational services, our health system employs more than 120,000 caregivers serving patients in communities across seven Western states – Alaska, California, Montana, New Mexico, Oregon, Texas, and Washington. Our caregivers provide quality, compassionate care to all those we serve, regardless of coverage or ability to pay.

Continuing an enduring commitment to world-class care and serving all, especially those who are poor and vulnerable, Providence uses scale to create Health for a Better World, one community at a time. We have been pioneering health care for hundreds of years and have a history of responding with compassion and innovation during challenging health care environments, including the current pandemic. Together, we are reimagining the future of health care delivery in our communities for all ages and populations. Our strategies to diversify and modernize are enabling high-quality care at affordable prices, including through networks of same-day clinics and online care and services.

We are privileged to serve in dynamic, contiguous markets with growing populations, which has led to consistent increases in service utilization. We offer a comprehensive range of industry-leading services, including an integrated delivery system of acute and ambulatory care for inpatient and outpatient services, 29 long-term care facilities, 16 supportive housing facilities, over 8,000 directly employed providers and more than 25,000 affiliated providers, a health plan, senior care, financial assistance programs, community health investments, and educational ministries that include a high school and university.

Providence, with headquarters in Renton, Washington, and Irvine, California, is governed by a sponsorship council comprising members of its two sponsoring ministries, Providence Ministries and St. Joseph Health Ministry. We are dedicated to ensuring the continued vibrancy of not-for-profit, Catholic health care in the United States. As one of the largest health systems in the United States, our Mission and values call us to serve each person with love, dignity, and compassion, reflecting the legacy of the Sisters of St. Joseph and the Sisters of Providence.

The Mission

As expressions of God's healing love, witnessed
through the ministry of Jesus, we are steadfast in serving all,
especially those who are poor and vulnerable ®

Our Values

Compassion | *Dignity* | *Justice* | *Excellence* | *Integrity*

Our Vision

Health for a Better World

Our Promise

"*Know me, care for me, ease my way.*"

COVID-19: From Response to Vaccinations and Beyond

In early 2020, Providence admitted the first known patient with COVID-19 in the United States. Due to strategies put in place before the pandemic, Providence was uniquely prepared to respond to the ongoing rise in infections that would persist throughout the year. The health and safety of patients and caregivers remains our number one priority as we respond to the continual flow of COVID-19 cases while also meeting the other health care needs in our communities. Providence continues to pursue a three-part plan to keep caregivers and patients safe; serve those in need; and accelerate the transformation of health care. Providence's plan is comprised of these key strategies:

Respond. In the early days of the crisis, Providence developed comprehensive response plans based on predictive analytics. We made significant investments in new and innovative ways to deliver care inside and outside the hospital setting, including digitally, in the clinic and outpatient setting, and in the home. This important work prepared us for surges in our communities throughout 2020. Providence ensures the safety of our patients and caregivers by rapidly replenishing inventory of personal protective equipment (PPE) and other supplies; working with lab partners to improve access to testing with rapid turnaround times; improving the availability of promising treatments and medications and maintaining a healthy workforce ready to care for patients.

Recover. The ability to continue meeting the health needs of patients is critical. State mandates to suspend non-emergent procedures in response to the crisis meant thousands of patients had to delay care, increasing the risk of potential complications. The reduction in services also resulted in significant operating losses for Providence. In coordination with state authorities, we reopened services and saw volumes and profitability rebound variably across markets, but not to the levels we experienced prior to the pandemic. We ended the year on a surge with a combination of state mandated and voluntarily deferred procedures as we approached capacity in several ministries. Delivering these services safely is of paramount importance. A more affordable delivery model will be necessary in responding to multiple revenue pressures from economic payer shifts.

Renew. Our vision – Health for a Better World – is a roadmap for health care transformation. The investments we made in innovation prior to COVID-19 have made it possible for us to respond to the pandemic quickly and nimbly throughout 2020, including developing an artificial intelligence chat bot to triage patients virtually, scaling telehealth visits and implementing home monitoring through existing intensive care unit telemedicine services. In December 2020, the U.S. Food and Drug Administration (FDA) approved emergency use of the COVID-19 vaccines by Pfizer and Moderna. In addition to caring for high volumes of COVID-19 patients, Providence has also geared up to support mass vaccination efforts, which began with our highest- risk, front-line caregivers. We have since added mobile vaccine clinics in some states, when supply is available.

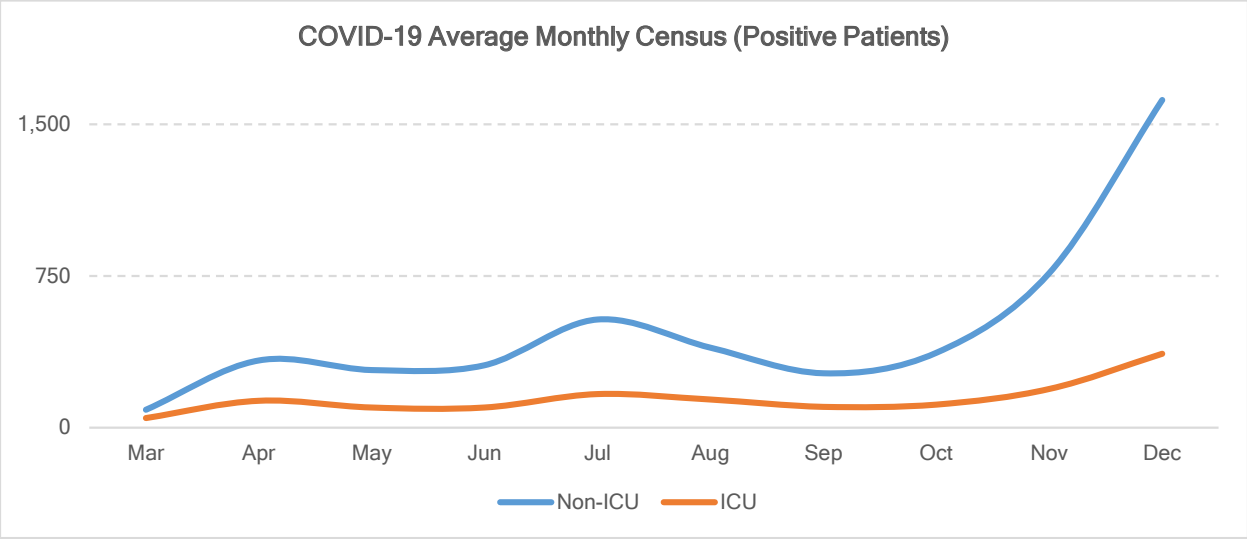
Some of the highlights of Providence's response include:

- Updating COVID-19 screening protocols in Epic across our seven states, 51 hospitals and nearly 1,000 clinics within 24 hours of admitting the first COVID-19 patient in the country.
- Dramatically accelerating our telehealth primary care services, going from an average of 50 visits a day to a peak of more than 12,000 per day, totaling more than 1.7 million virtual visits in 2020.
- Expanding our electronic intensive care unit capabilities to remotely monitor patients on home quarantine.
- Operating some of the largest clinical trials in the country for drug therapies, including Remdesivir, and antibody testing. Providence is also conducting genomics research to understand why the virus affects some people more than others.
- Launching the 100 Million Mask Challenge to spur domestic manufacturing of personal protective equipment; the campaign eventually transitioned to the American Hospital Association.
- Leveraging technology to deliver a coronavirus consumer awareness hub, assessment, and triage chatbot, urgent virtual visit platform, live testing locations, and remote patient monitoring for COVID-19 patients.
- Launching COVIDReady, an end-to-end suite of services from Ayin Solutions that assists employers in safe business reopening. This includes employee health population management for the returning

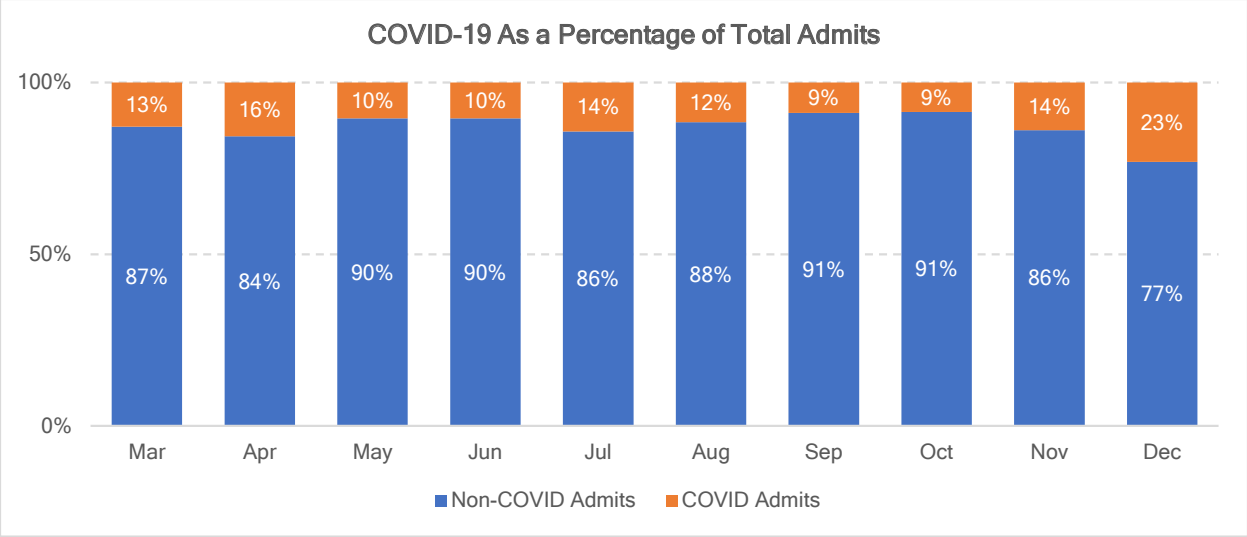
workforce, ongoing employee health assessment, COVID-19 testing, employee care coordination, technology-enabled workplace prevention monitoring, and contact tracing.

- Developing the Validate and Verify online tool to prioritize caregivers according to risk-level and facilitate vaccination scheduling for more than 200,000 Providence caregivers and affiliated providers.
- Building the COVID-19 Detection Map, using artificial intelligence and natural language processing, to visually display the current state of the pandemic by community.

Pursuant to guidance from state authorities and federal agencies including the Centers for Medicare & Medicaid Services (CMS), Providence began rescheduling non-emergent surgeries the week of March 16th, which resulted in significant declines in daily volumes. This resulted in a 40 percent decline in gross revenue by the end of the first quarter of 2020. Volumes began to stabilize through the first week of April and previously suspended non-emergent services reopened in May in coordination with state authorities. The System experienced a second peak in COVID-19 cases in the second half of July that declined in August and stabilized to 50 percent of the July peak through the end of the quarter. However, a third peak in cases began in October and continued through December. We continue to manage increases in COVID-19 cases, while maintaining access to other comprehensive care in a safe manner for both caregivers and patients. The System's average monthly COVID-19 positive patients are presented through fiscal year 2020:



The System's COVID-19 positive patients as a percentage of total admissions are presented through fiscal year 2020:



We expanded our short-term revolver capacity by $700 million and accessed private lines of credit in response to the initial increased liquidity risk arising from the crisis. Providence has received relief in the form of grants and loans from the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act. As of December 31, 2020, Providence received $1.6 billion in advance payments from Medicare under the CMS Advance Payment Program and $1.1 billion in total grants from the federal CARES Act, of which $957 million was recognized as revenue during the year ended December 31, 2020. The advance payments from CMS will be offset by services provided by Providence in future quarters.

Each of our regions and lines of business have developed detailed recovery plans for how to safely deliver much-needed care to patients whose procedures were delayed by the state mandates. We have taken steps to preserve our operating performance and liquidity, including reassessing current and new capital projects outside of those focused on patient and caregiver safety and COVID-19. We have also reduced discretionary spending including travel, use of third-party contractors, purchased services, and professional services. As cases continue to come online and as demand returns to pre-pandemic levels, we will balance our labor and supply costs to allow us to efficiently and safely provide the services required by our patients.

Our Mission has endured thanks to the extraordinary efforts of our caregivers. We will continue to respond to the times and be of service to our communities for many decades to come.

Our Integrated Strategic & Financial Plan

Guided by our Mission and values, Providence has developed and adopted an Integrated Strategic & Financial Plan that serves as our roadmap for accelerating progress toward our vision of Health for a Better World. Supported by three areas of strategic focus, our plan ensures integration between our strategic aspirations and financial capacity:

Strengthen the core. We are focused on delivering outstanding, affordable health care, housing, education and other essential services to our patients and communities by:

- Creating a diverse workforce reflecting the communities we serve and a caregiver experience where all caregivers are included, developed, and inspired to carry on the Mission
- Delivering safe, compassionate, high-value quality health care
- Making Providence the provider partner of choice in all our communities
- Stewarding our resources to improve operational earnings
- Fostering community commitment to our Mission via philanthropy

Be our communities' health partner. We are focused on being our communities' health partner, aiming for physical, spiritual, and emotional well-being of all. We seek to ease the way of our communities by:

- Transforming care, improving population health outcomes, and reducing health disparities, especially for poor and vulnerable populations
- Leading the way in improving our nation's mental and emotional well-being
- Extending our commitment to whole person care for people at every age and stage of life
- Engaging with partners in ensuring health equity for all by addressing systemic racism and the social determinants of health, with a focus on education, housing, and the environment
- Being the preferred health partner for those we serve

Transform our future. We are focused on responding to the signs of the times, pursuing new opportunities that transform our services. We seek to expand and sustain our Mission by:

- Diversifying sources of earnings to ensure sustainability of the ministry
- Digitally enabling, simplifying, and personalizing the health experience
- Creating an integrated scientific wellness, clinical research and genomics program that is nationally recognized for breakthrough advances
- Utilizing insights and value from data to drive strategic transformation

- Activating the voice and presence of Providence locally and nationally to improve health for all

Strategic affiliations. As part of our overall strategic planning and development process, Providence regularly evaluates and, if deemed beneficial, selectively pursues opportunities to affiliate with other service providers and invest in new facilities, programs, or other health care related entities. Likewise, we are frequently presented with opportunities from, and conduct discussions with, third parties regarding potential affiliations, partnerships, mergers, acquisitions, joint operating arrangements, or other forms of collaboration, including some that could affect the Obligated Group Members. It is common for several such discussions to be in process concurrently. System management pursues arrangements when there is a perceived strategic or operational benefit that is expected to enhance our ability to achieve the Mission and/or deliver on our strategic objectives. As a result, it is possible that the current organization and assets of the Obligated Group may change.

Providence will continue to evaluate opportunities for strategic growth. Providence does not typically disclose such discussions unless and until it appears likely that an agreement will be reached, and any required regulatory approvals will be forthcoming.

Technology Services and Solutions

Helping health care organizations drive quality and affordability while easing the way of patients and caregivers. In recent years, Providence has developed or acquired technology platforms, processes, best practices, and expertise that have improved the way the health system delivers patient care and operates administrative services. Providence launched Tegria, a new company designed to provide next generation technologies and services to the health care sector. Tegria combines select Providence investments and acquisitions into a comprehensive portfolio of solutions to accelerate technological, clinical, and operational advances in health care. Based in Seattle with offices and teams throughout the United States and Canada, Tegria combines nine operating companies into a comprehensive suite of offerings for organizations across the health care sector. Tegria is comprised of more than 2,800 strategists, technologists, service providers and scientists who currently serve more than 500 organizations across North America. Tegria will initially focus on three key initiatives–healthcare consulting and technology services, revenue cycle management solutions, and software technology and platforms.

Ambulatory Care Network

Creating best in class, lower cost health and wellness services for consumers. The Ambulatory Care Network continues to deliver on commitments to build a network of optimized, connected, lower cost ambulatory services across Providence. Currently, our Ambulatory Care Network provides more than two million visits in 330 sites across seven states, and consists of ambulatory surgery centers, imaging centers, urgent care centers, retail clinics and active wellness sites. We believe ambulatory care networks offer advantages to patients and physicians, including greater affordability, predictability, flexibility, and convenience, while offering a seamless connection to our full continuum of care. We are expanding our ambulatory care network through strategic partnerships that improve patient access and reduce costs for consumers and employers, including increased same-day access through our retail and urgent care clinics.

Population Health Management

Making a transformational shift from health care to health. Population Health models and initiatives form a vital pillar in achieving our strategic plan of transforming care, delivering value-based care, and creating healthier communities together. Our goal is to maximize the health outcomes of the people in our defined populations and communities through the design, delivery and coordination of affordable quality health care and services. We integrate solutions to improve social determinants of health, identify health disparities, and provide care management for complex patients. We are building community partnerships to increase access to health services, transportation, housing, education, food banks, mental health services, and support needed by vulnerable communities to achieve health equity.

Our Population Health Management division is composed of a family of services, including Population Health Informatics, Value-Based Care, Payer Contracting, Risk Sharing & Payments Models,

Care Management, Mental Health Improvement, and Health Equity that support our Providence regional care delivery systems; and two businesses: Providence Health Plans and Ayin Health Solutions.

Providence Health Plan ("PHP"), a 501(c)(4) Oregon non-profit health care service contractor, and Providence Health Assurance ("PHA"), a wholly owned subsidiary of PHP, are collectively referred to as the Health Plans. Providence Plan Partners ("PPP") is a 501(c)(4) Washington non-profit corporation.

The Health Plans provide services to a wide range of clients, including self-funded employers, and insurance coverage for large group employers, small group employers, individual and family coverage under the Affordable Care Act, Medicare Commercial, Medicare Advantage, Managed Medicaid risk administration, pharmacy benefits management, workers compensation services, and network access services under preferred plans. Providence Health Plan members reside in 49 states nationwide.

Ayin Health Solutions is our population health management company that provides a comprehensive suite of services to employer, payer, provider, and government clients. Ayin is a for-profit, non-risk bearing entity providing administrative and clinical services in multiple states and incorporated in Delaware.

Home & Community Care

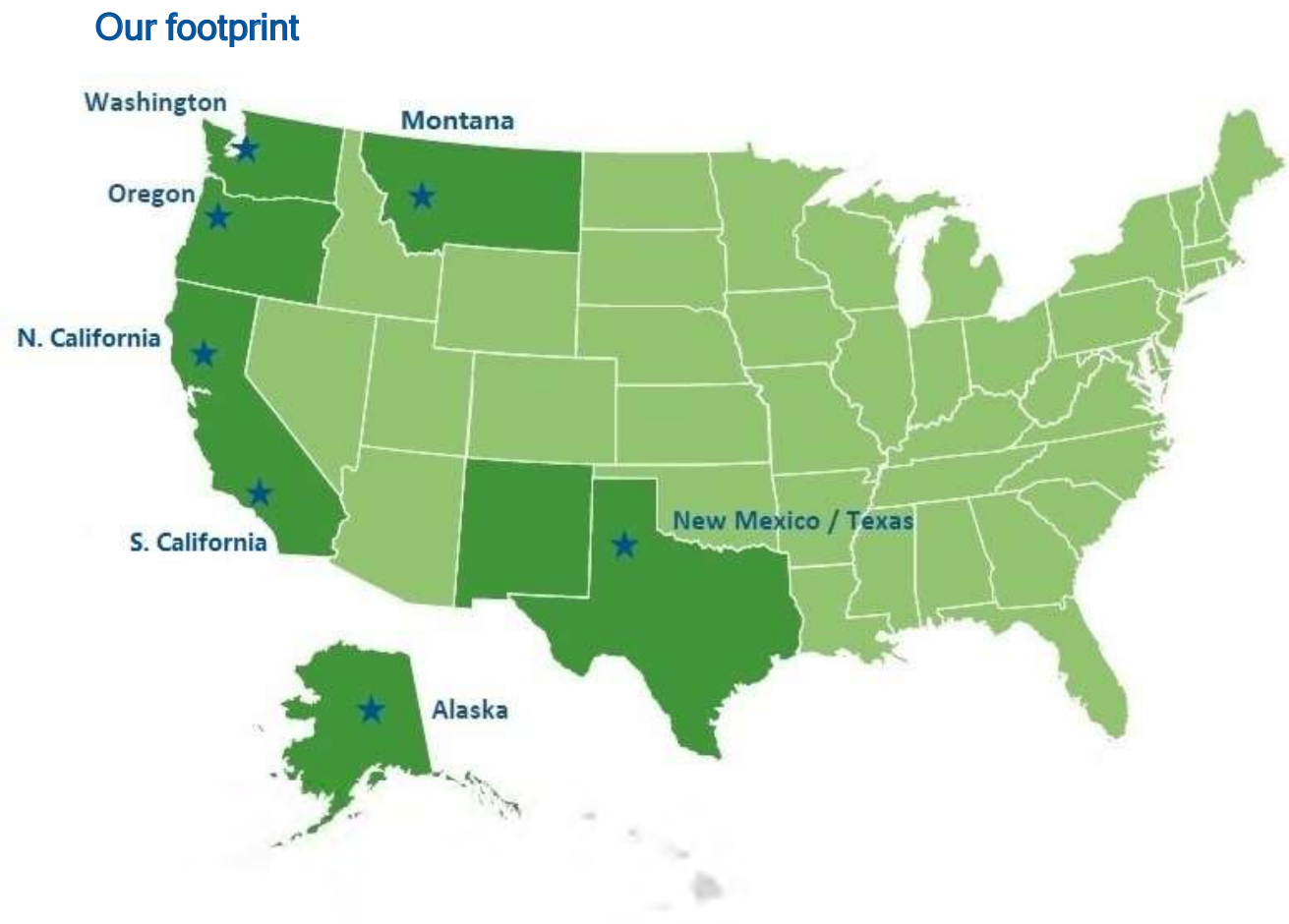
Bringing excellent medical care to the home setting. As a trusted partner for individuals and families, our community-based care and services are geared to help in times of need, aging and illness, and at the end of life. We provide a full range of post-acute services, including assisted living, skilled nursing and rehabilitation, home health, home infusion and pharmacy services, home medical equipment, hospice and palliative care, Program of All-Inclusive Care for the Elderly (PACE) locations, supportive housing, and personal home care services. As our Mission calls us to serve the most vulnerable and poor members of our community, we provide a full range of services and support more to than 30,000 patients, participants, and residents each day. The demand for these services continues to increase in the markets we serve, creating opportunities for continued growth, innovation, and investment.

Physician Enterprises

Providence's Physician Enterprise creates health for a better world by serving patients across the Western United States with quality, compassionate, coordinated care. Collectively, our medical groups and affiliate practices make up the third largest group in the country. This includes: Providence Medical Group, serving Alaska, Washington, Montana, and Oregon; Swedish Medical Group, with staffed clinics throughout Washington's greater Puget Sound area; Pacific Medical Centers in western Washington; Kadlec, serving southeast Washington; Providence St. John's Medical Foundation in Southern California; Providence Medical Institute ("PMI") in Southern California; Facey Medical Foundation ("Facey") in Southern California; St. Joseph Heritage Healthcare in Northern and Southern California; and Covenant Medical Group, and Covenant Health Partners in west Texas and eastern New Mexico.

The System is organized into the geographic regions spanning seven states across the western United States shown in the graphic below.

EXHIBIT 1.1



Region Information

The System's operating revenue share by geographic region is presented for the fiscal years ended December 31:

	Fiscal Year Ended	
EXHIBIT 1.2 - REGIONAL OPERATING REVENUE SHARE	12-31-2019	12-31-2020
Alaska	4%	4%
Swedish	11%	10%
Washington and Montana	20%	19%
Oregon	21%	19%
Northern California [1]	6%	6%
Southern California [1]	31%	32%
West Texas and Eastern New Mexico	5%	5%
Other (including Home & Community Care) [2]	2%	5%

(1) Includes recognition of revenue from California provider fee program of $754 million in 2020 and $633 million in 2019.

(2) Includes Home & Community Care entities in 2020 that previously were reported under the Oregon region and Tegria, our new technology services and solutions company launched in 2020.

Alaska

In the Alaska region, the System includes five hospitals and 22 clinics with a 31 percent inpatient market share statewide in 2019, as reported by the Alaska Health Facilities Data Reporting Program. The System's Alaska facilities are in the greater Anchorage area, with 53 percent inpatient market share, and in the remote communities of Kodiak, Seward, and Valdez, as reported by the Alaska Health Facilities Data Reporting Program. Providence Alaska Medical Center is a 401-bed acute care facility located in Anchorage and the only comprehensive tertiary referral center in the state. St. Elias Specialty Hospital, a 56-bed long term acute care hospital (the only one in the state) is also located in the Anchorage area. Three critical access hospitals are in Kodiak, Seward, and Valdez, all co-located with skilled nursing facilities.

Swedish

In the greater Puget Sound area of Washington, Swedish Health Services operates five hospital campuses: First Hill, Cherry Hill, Ballard, Edmonds, and Issaquah which are in King and Snohomish counties. The inpatient market share for Swedish was 25 percent in 2019, as reported by the Comprehensive Hospital Abstract Reporting System. Swedish also has ambulatory care centers in Redmond and Mill Creek, and a network of more than 100 primary care and specialty clinics throughout the Seattle area.

Washington and Montana

In the Washington-Montana region, the System includes 12 hospitals, with a 45 percent inpatient market share in their service areas in 2019, as reported by the Comprehensive Hospital Abstract Reporting System. The region is composed of five geographic markets: Northwest Washington, Southwest Washington, Eastern Washington, Southeast Washington, and Western Montana, with medical groups in the region employing nearly 2,500 providers. The region provides a variety of services, including home health and hospice care, primary and immediate care services, inpatient rehabilitation, skilled nursing and transitional care, and general acute care services.

Oregon

The Oregon region includes eight hospitals in Portland, Hood River, Medford, Milwaukie, Newberg, Seaside and Oregon City, with a total inpatient market share of 29 percent in their service areas in 2019, as reported by Apprise Health Insights. Providence St. Vincent Medical Center and Providence Portland Medical Center provide tertiary care to the Portland metropolitan market. The region also provides nearly 200 primary care, specialty and immediate care clinics, home health care, and housing. The Health Plans are based in Oregon, and the majority of its nearly 700,000 members live in the region.

Northern California

In Northern California region, the System serves the North Coast, Humboldt, Napa, and Sonoma communities with five hospitals, ambulatory surgery centers, urgent care centers, wellness centers, physician offices, home health, hospice, and rehabilitation sites. The acute care hospitals in Northern California had 37 percent inpatient market share in their service areas in 2019, as reported by the Office of Statewide Health Planning and Development. St. Joseph Heritage Healthcare, a medical foundation, operates clinics in the region with its contracted physician partners.

Southern California

The Southern California region includes 13 acute care hospitals in Los Angeles, Orange and San Bernardino counties, and the High Desert, with a total inpatient market share of 24 percent in their service areas in 2019, as reported by the Office of Statewide Health Planning and Development. In Los Angeles County, the System includes six acute care facilities. Our largest hospital, Providence St. Joseph Medical Center, is in Burbank. The System also includes hospitals in Mission Hills, San Pedro, Torrance, and Santa Monica. Providence Medical Foundation operates over 50 practice locations in the market, including the Facey, PMI, and Providence St. John's medical foundations. In addition, the System includes seven acute care facilities within Orange and San Bernardino counties: Apple Valley, Fullerton, Mission Viejo, Laguna Beach, Newport Beach, Irvine, and Orange. Mission Hospital is located on two campuses in Mission Viejo and Laguna Beach, and maintains the region's level II trauma center, as well as a women's center. Hoag Hospital, which also is composed of two campuses, in Newport Beach and Irvine, also includes Hoag Orthopedic Institute. St. Joseph Heritage Healthcare, a medical foundation, operates clinics in the region with its contracted physician partners.

West Texas and Eastern New Mexico

The West Texas-Eastern New Mexico region includes Covenant Health System and Covenant Medical Group. Covenant Health System and its related Texas affiliates is the market's largest health system with seven licensed hospitals; the inpatient market share was 33 percent in their service areas in 2019, as reported by Texas Health Care Information Collection. Covenant Health System operates Covenant Medical Center, Covenant Children's Hospital, Covenant Health Plainview, and Covenant Health Levelland, and Covenant Specialty Hospital, a long-term acute care facility, in addition to Grace Health System, which includes Grace Clinic and Grace Medical Center. CHS also operates Covenant Medical Group, a medical foundation physician network of employed and aligned physicians, a joint venture acute rehabilitation facility, and Hospice of Lubbock. In December 2020, Covenant Health System opened Grace Surgical Hospital, a short-stay surgical hospital that specializes in elective procedures for patients in Lubbock and the surrounding area.

Financial Information

The summary audited combined financial information as of and for the fiscal years ended December 31, 2020 and 2019, respectively, are presented below. The financial information should be read in conjunction with the audited combined financial statements of the System, including the notes thereto, and the report of KPMG LLP, independent auditors.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make assumptions, estimates and judgments that affect the amounts reported in the combined financial statements, including the notes thereto, and related disclosures of commitments and contingencies, if any. System management considers critical accounting policies to be those that require the more significant judgments and estimates in the preparation of its combined financial statements, including the following: recognition of net patient service revenues, which includes contractual allowances; impairment of long-lived assets; valuation of investments; accounting for expenses in connection with restructuring activities; and reserves for losses and expenses related to health care professional and general liability risks. Management relies on historical experience and on other assumptions believed to be reasonable under the circumstances in making its judgments and estimates. Actual results could differ materially from those estimates.

Summary Audited Combined Statements of Operations

	Fiscal Year Ended	
EXHIBIT 2.1 - COMBINED STATEMENTS OF OPERATIONS $ PRESENTED IN MILLIONS	12-31-2019	12-31-2020
Net Patient Service Revenues	$19,883	$18,964
Premium Revenues	2,376	2,424
Capitation Revenues	1,514	1,732
Other Revenues [1]	1,252	2,555
Total Operating Revenues	**25,025**	**25,675**
Salaries and Benefits	12,172	12,646
Supplies	3,698	3,821
Purchased Healthcare Services	2,049	1,989
Interest, Depreciation, and Amortization	1,345	1,375
Purchased Services, Professional Fees, and Other	5,388	6,150
Total Operating Expenses Before Restructuring Costs	**24,652**	**25,981**
Excess (Deficit) of Revenues Over Expenses from Operations Before Restructuring Costs	**373**	**(306)**
Restructuring Costs	159	-
Excess (Deficit) of Revenues Over Expenses from Operations	**214**	**(306)**
Total Net Non-Operating Gains	1,144	1,046
Excess of Revenues Over Expenses	**$1,358**	**$740**
Operating EBIDA [2]	**$1,559**	**$1,121**
Pro Forma Operating EBIDA [3]	**$1,718**	**$1,121**

(1) Includes $957 million in grants recognized in revenue from the federal CARES Act in 2020.
(2) Includes $53 million in amortization of software as a service asset included on the balance sheet in 2020.
(3) Pro forma Operating EBIDA normalizes for restructuring costs in 2019.

Summary Audited Combined Balance Sheets

EXHIBIT 2.2 - COMBINED BALANCE SHEET $ PRESENTED IN MILLIONS	As of 12-31-2019	 12-31-2020
Current Assets:		
Cash and Cash Equivalents [1], [2]	$1,316	$3,230
Accounts Receivable, Net	2,400	2,365
Supplies Inventory	283	361
Other Current Assets	1,233	1,480
Current Portion of Assets Whose Use is Limited	702	1,228
Total Current Assets	**5,934**	**8,664**
Assets Whose Use is Limited:	10,855	11,506
Property, Plant & Equipment	10,978	11,033
Other Assets	2,785	3,451
Total Assets	**$30,552**	**34,654**
Current Liabilities:		
Current Portion of Long-Term Debt	$85	$127
Master Trust Debt Classified as Short-Term [2]	205	934
Accounts Payable	1,035	1,155
Accrued Compensation	1,145	1,453
Other Current Liabilities [1]	2,428	3,020
Total Current Liabilities	**4,898**	**6,689**
Long-Term Debt, Net of Current Portion [2]	6,393	6,061
Pension Benefit Obligation	1,094	1,203
Other Liabilities	2,292	3,985
Total Liabilities	**$14,677**	**$17,938**
Net Assets:		
Controlling Interests	14,344	14,857
Noncontrolling Interest	150	309
Net Assets without Donor Restrictions	**14,494**	**15,166**
Net Assets with Donor Restrictions	**1,381**	**1,550**
Total Net Assets	**15,875**	**16,716**
Total Liabilities and Net Assets	**$30,552**	**$34,654**

(1) Includes $1.6 billion from the CMS Advanced Payment Program in 2020.
(2) Includes $250 million in borrowings in response to the COVID-19 pandemic in 2020.

Management's Discussion and Analysis: Fiscal Year Ended December 31, 2020

Management's discussion and analysis provides additional narrative explanation of the financial condition, operational results, and cash flow of the System to assist in increasing understanding of the combined financial statements. The summary audited combined financial information as of and for the fiscal years ended December 31, 2020 and 2019, respectively, are presented below.

Results of Operations

Operations Summary

Operating earnings before interest, depreciation, and amortization ("EBIDA") were $1.1 billion for the fiscal year ended December 31, 2020, or 4.4 percent of operating revenues, compared with $1.6 billion and 6.2 percent in 2019. Deficit of revenues over expenses from operations was $306 million for the fiscal year ended December 31, 2020, compared with excess of revenues over expenses from operations of $214 million in 2019. The results include the net recognition of reimbursements from provider fee programs of $329 million (revenue of $1.1 billion and expense of $753 million) for the fiscal year ended December 31, 2020, compared with $345 million (revenue of $942 million and expense of $597 million) in 2019, primarily attributable to services performed in 2020. Volumes declined 9 percent year-over-year for the fiscal year ended December 31, 2020, driving a 5 percent decline in net patient service revenues. Net patient service revenues were $19.0 billion for the fiscal year ended December 31, 2020, compared to $19.9 billion in 2019.

The System's operating results were significantly impacted by the unprecedented decrease in patient volumes due to the COVID-19 pandemic and related service reductions during most of 2020. The impact included a significant reduction in revenue, coupled with an increase in costs incurred for PPE and pharmaceuticals, and increases in labor costs for staffing to serve those impacted by the virus, including prevention, testing, and treatment. We continued to maintain access and capacity for non-COVID-19 care despite the continued flow of COVID-19 cases, including the resurgence during the fourth quarter of 2020, where COVID-19 case levels exceeded those experienced in early 2020. Operational recovery continues to be variable and market specific as the pandemic continues across our footprint. Results also include the impact of increased staffing costs due to a work stoppage at some Swedish facilities in early 2020. The System's key financial indicators are presented for the fiscal years ended December 31:

	Fiscal Year Ended			
	AS REPORTED		PRO FORMA [1]	
EXHIBIT 3.1 - OPERATIONS SUMMARY $ PRESENTED IN MILLIONS	12-31-2019	12-31-2020	12-31-2019	12-31-2020
Operating Revenues	$25,025	$25,675	$25,025	$25,675
Operating Expenses	24,811	25,981	24,652	25,981
Excess (Deficit) of Revenues Over Expenses from Operations	214	(306)	373	(306)
Operating Margin %	0.9	(1.2)	1.5	(1.2)
Operating EBIDA	1,559	1,121	1,718	1,121
Operating EBIDA Margin %	6.2	4.4	6.9	4.4
Premium and Capitation Revenues	3,890	4,156	3,890	4,156
Net Service Revenue/Case Mix Adjusted Admits	12,099	12,922	12,099	12,922
Net Expense/Case Mix Adjusted Admits	11,980	13,110	11,892	13,110
Total Community Benefit	$1,515	1,750	$1,515	1,750
Full-Time Equivalents (thousands)	105	103	105	103

(1) Pro forma normalizes for restructuring costs in 2019.

COVID-19: Variable results over the quarters of fiscal year 2020. Operating EBIDA was $304 million for the three months ended December 31, 2020, or 4.5 percent of operating revenues, compared with $347 million and 5.5 percent for the same period in 2019. Deficit of revenues over expenses from operations was $93 million for the three months ended December 31, 2020, compared with excess of revenues over expenses from operations of $16 million for the same period in 2019. Volumes declined 7 percent quarter-over-quarter for the three months ended December 31, 2020, while net patient service revenues remained flat compared to the prior year. Net patient service revenues were $5.0 billion for both the three months ended December 31, 2020 and the same period in 2019. Among the key statistics, the three months ended December 31, 2020 showed acute patient days up 2 percent, acute admissions down 10 percent, surgeries down 10 percent, procedures down 12 percent, and emergency room visits down 21 percent from the prior year period, reflecting the continued impact of the pandemic on operations.

Volumes

Case mix adjusted admissions (CMAA) declined 9 percent for the fiscal year ended December 31, 2020, compared with the prior year driven by the events noted above. The System's key volume indicators are presented for the fiscal years ended December 31:

	Fiscal Year Ended	
EXHIBIT 3.2 - SYSTEM UTILIZATION DATA PRESENTED IN THOUSANDS UNLESS NOTED	12-31-2019	12-31-2020
Inpatient Admissions	507	447
Acute Adjusted Admissions	1,041	913
Acute Patient Days	2,464	2,340
Long-Term Patient Days	402	340
Outpatient Visits (incl. Physicians)	27,302	25,126
Emergency Room Visits	2,125	1,720
Surgeries and Procedures	699	589
Acute Average Daily Census (Actual)	6,752	6,393
Providence Health Plan Members	649	699

Operating Revenues

Operating revenues were $25.7 billion, an increase of 3 percent for the fiscal year ended December 31, 2020, compared with prior year. Operating revenues increased, despite the 5 percent decline in net patient service revenues due to premium/capitation and diversified revenue growth. The recognition of $957 million in grants from the federal CARES Act, partially but not entirely offset lower revenues from the decline in volumes.

The System's operating revenues by state are presented for the fiscal years ended December 31 (footnotes appear beneath last table):

	Fiscal Year Ended	
EXHIBIT 3.3 - OPERATING REVENUES BY STATE $ PRESENTED IN MILLIONS	12-31-2019	12-31-2020
Alaska	$877	$830
Washington	7,036	6,543
Montana	450	427
Oregon	5,207	5,137
California	9,083	9,151
Texas	1,120	1,032
Total Revenues from Contracts with Customers	23,773	23,120
Other Revenues [2]	1,252	2,555
Total Operating Revenues	$25,025	$25,675

The System's operating revenues by line of business are presented for the fiscal years ended December 31:

EXHIBIT 3.4 - OPERATING REVENUES BY LINE OF BUSINESS $ PRESENTED IN MILLIONS	Fiscal Year Ended 12-31-2019	 12-31-2020
Hospitals	$16,805	$16,145
Health Plans and Accountable Care	2,553	2,739
Physician and Outpatient Activities	2,865	2,728
Long-term Care, Home Care, and Hospice	1,198	1,268
Other Services	352	240
Total Revenues from Contracts with Customers	23,773	23,120
Other Revenues [2]	1,252	2,555
Total Operating Revenues	$25,025	$25,675

The System's operating revenues by payor are presented for the fiscal years ended December 31:

EXHIBIT 3.5 - OPERATING REVENUES BY PAYOR [1] $ PRESENTED IN MILLIONS	Fiscal Year Ended 12-31-2019	 12-31-2020
Commercial	$11,918	$11,331
Medicare	8,017	8,021
Medicaid	3,441	3,517
Self-pay and Other	397	251
Total Revenues from Contracts with Customers	23,773	23,120
Other Revenues [2]	1,252	2,555
Total Operating Revenues	$25,025	25,675

(1) Represents total payor net patient service revenues received, including premium and capitation revenues in accordance with ASC 606, Revenue from Contracts with Customers. Refer to Exhibit 7.3 within Exhibit 7 attached hereto for supplementary information on net patient service revenue payor mix driven by patient utilization.

(2) Includes $957 million in grants recognized in revenue from the federal CARES Act in 2020.

Operating Expenses

Operating expenses were $26.0 billion, an increase of 5 percent for the fiscal year ended December 31, 2020, compared with the same period in 2019, driven by the impacts of costs related to our response to COVID-19. Despite the System experiencing unprecedented declines in volumes as noted above, significant costs were incurred to support caregivers and to serve existing patients, including labor costs and increased PPE and pharmaceutical spend. Overall, salaries and benefits expenses increased 4 percent for the fiscal year ended December 31, 2020, compared with the prior year. Labor productivity decreased 5 percent on an adjusted occupied bed volumes basis, and medical supply costs per CMAA were higher by 10 percent, compared with the prior year. Supplies expense increased by 3 percent compared to the prior year, driven by a 9 percent increase in pharmaceutical spend and COVID-19 related expenses, and offset by a 1 percent decrease in medical and non-medical supply costs.

Non-Operating Activity

Non-operating gains totaled $1.0 billion for the fiscal year ended December 31, 2020, compared with $1.1 billion in 2019, offsetting the deficit of revenues over expenses from operations. The decrease was driven by relatively lower investment gains of $1.1 billion for the fiscal year ended December 31, 2020, compared with $1.3 billion in 2019.

Liquidity and Capital Resources; Outstanding Indebtedness

Unrestricted Cash and Investments

Unrestricted cash and investments totaled approximately $15.3 billion as of December 31, 2020, compared to $12.3 billion as of December 31, 2019. As of December 31, 2020, Providence received approximately $1.6 billion in advance payments from Medicare under the CMS Advance Payment Program and $1.1 billion in grants from the federal CARES Act, of which $957 million was recognized as revenue. The advance payments from CMS will be offset by services provided by Providence in future quarters. In response to increased liquidity risk arising from the crisis, the System expanded its short-term revolver capacity as noted above, in addition to placing a $250 million short-term bridge loan in place. Debt balances as of December 31, 2020 also reflect a $95 million draw on our revolver to fund the CHFFA 2016-B put maturity occurring October 1, 2020 and a $110 million draw to fund the CHFFA 2013-D put maturity occurring October 14, 2020. The System's liquidity is presented for the fiscal years ended December 31:

	As of	
EXHIBIT 4.1 - INVESTMENTS BY DURATION $ PRESENTED IN MILLIONS	12-31-2019	12-31-2020
Cash and Cash Equivalents [1], [2]	$1,316	$3,230
Short-Term Investments	549	1,082
Long-Term Investments	10,404	10,950
Total Unrestricted Cash and Investments	$12,269	$15,262

(1) Includes $1.6 billion from the CMS Advanced Payment Program in 2020.
(2) Includes $250 million remaining in borrowings to offset operational pressures during the COVID-19 pandemic in 2020.

The System maintains a long-term investment portfolio comprised of operating and foundation investment assets. The System's target asset allocation for the long-term portfolio, by general asset class, is presented for the fiscal years ended December 31:

	As of	
EXHIBIT 4.2 - INVESTMENTS BY TYPE	12-31-2019	12-31-2020
Cash and Cash Equivalents	2%	2%
Domestic and International Equities	45%	45%
Debt Securities	38%	38%
Other Securities	15%	15%

Financial Ratios

The System's financial ratios presented for the fiscal years ended December 31:

	As of	
EXHIBIT 4.3 - SUMMARY OF KEY RATIOS	12-31-2019	12-31-2020
Total Debt to Capitalization %	31.3	31.6
Cash to Debt Ratio %	185.9	218.2
Days Cash on Hand [1]	191	226
Maximum Annual Debt Service [2]	390	395
Cash to Net Assets Ratio	0.85	1.01

(1) Days Cash on Hand, a measure of cash in relation to monthly operating expenses, is calculated as follows: (unrestricted cash & investments) / (total operating expenses - depreciation and amortization expenses)/days outstanding during the periods).
(2) Excludes borrowings secured in response to COVID-19 as they are classified as short-term indebtedness.

System Capitalization

The System's capitalization is presented for the fiscal years ended December 31:

EXHIBIT 4.4 - SYSTEM CAPITALIZATION $ PRESENTED IN MILLIONS UNLESS NOTED	As of 12-31-2019	 12-31-2020
Long-Term Indebtedness	$6,478	$6,188
Less: Current Portion of Long-Term Debt	85	127
Net Long-Term Debt	6,393	6,061
Net Assets - Unrestricted	14,494	15,166
Total Capitalization	$20,887	$21,227
Long-term Debt to Capitalization %	30.6	28.6

System Debt Service Coverage

The System's coverage of Maximum Annual Debt Service ("MADS") on indebtedness is presented for the fiscal years ended December 31:

EXHIBIT 4.5 - SYSTEM DEBT SERVICE COVERAGE $ PRESENTED IN MILLIONS UNLESS NOTED	As of 12-31-2019	 12-31-2020
Income Available for Debt Service:		
Excess of Revenues Over Expenses	$1,358	$740
Less: Unrealized (Gains) on Trading Securities	(978)	(692)
Plus: Loss on Extinguishment of Debt	14	-
Plus: Loss on Pension Settlement Costs and Other	26	19
Plus: Depreciation	1,077	1,097
Plus: Interest and Amortization	268	278
Total	$1,765	$1,442
Debt Service Requirements: [1]		
MADS [2]	$390	$395
Coverage of Debt Service Requirements [1]	4.5x	3.7x

[1] Debt Service Requirements has the meaning assigned to such term in the Master Indenture.
[2] Excludes borrowings secured in response to COVID-19 as they are classified as short-term indebtedness.

System Governance and Management

Corporate Governance

Providence serves as the parent and corporate member of PH&S and SJHS. Providence was created in connection with the combination of the multi-state health care systems of PH&S and the SJHS, which was effective on July 1, 2016 (the "Combination"). Providence has been determined to be an organization that is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code. Prior to the Combination, the sole corporate member of PH&S was Providence Ministries, which acted through its sponsors, who are five individuals appointed by the Provincial Superior of the Sisters of Providence, Mother Joseph Province. Similarly, the sole corporate member of SJHS was St. Joseph Health Ministry, a California non-profit public benefit corporation. Providence Ministries and St. Joseph Health Ministry are each a public juridic person under Canon law, responsible for assuring the Catholic identity and fidelity to the Mission of their respective systems. Pursuant to the Combination, Providence Ministries and St. Joseph Health Ministry have entered into an agreement that establishes a sponsorship model through contractual obligations exercised by the parties' sponsors collectively (the "Sponsors Council"). The Sponsors Council retains certain reserved rights with respect to Providence. Among the powers reserved to the Sponsors Council are the following powers over the affairs of Providence (excluding certain affiliates, such as: Providence - Western Washington, Western HealthConnect, Swedish, Swedish Edmonds, PacMed, Kadlec, and Hoag Hospital): to amend or repeal the articles of incorporation or bylaws of Providence; the appointment and

removal, with or without cause, of the directors of Providence; the appointment and removal, with or without cause, of the President and Chief Executive Officer of Providence; the approval of the acquisition of assets, incurrence of debt, encumbering of assets and sale of certain property; the approval of operating and capital budgets, upon recommendation of the Providence Board of Directors; and the approval of dissolution, consolidation or merger. Providence has reserved rights over PH&S and SJHS, which powers may be exercised by the Board of Providence. Given the complexity of the System's governance structure, Providence routinely evaluates and considers alternative governance models to best meet the System's governance needs.

The following table lists the current members of the Board of Directors of Providence and the Sponsors Council.

Board of Directors	Term Expires (December 31)	Sponsors Council	Term Expires (December 31)
David Olsen, Chair †	2021	Ned Dolejsi	2021
Richard Blair †	2022	Jeff Flocken	2025
Isiaah Crawford, PhD ‡	2022	Barbara Savage	2021
Lucille Dean, SP †	2021	Bill Cox	2021
Diane Hejna, CSJ, RN. ‡	2022	Russell Danielson	2027
Phyllis Hughes, RSM, PhD. ‡	2022	Sr. Sharon Becker, CSJ	2027
Mary Lyons, PhD. ‡	2022	Mark Koenig	2027
Charles W. Sorenson, M.D. Δ	2021	Sr. Margaret Pastro, SP	2028
Michael Murphy Δ	2022	Sr. Mary Therese Sweeney, CSJ	2028
Katharin S. Dyer Δ	2022		
Sr. Carol Pacini, LCM Δ	2023		
Rod Hochman, M.D.	Ex-officio		

† Not eligible for an additional term.
‡ Eligible for one additional three-year term.
Δ Eligible for up to two.

Executive Leadership Team

The following are key members of Providence's executive leadership team.

Name	Title
Rod Hochman, M.D.	President and CEO
John Whipple	Interim Executive Vice President and Chief Legal Officer
Greg Hoffman	Executive Vice President and CFO

In August 2020, Providence announced that Venkat Bhamidipati, Executive Vice President and Chief Financial Officer of the System, had submitted his resignation effective September 1, 2020. In January 2021, Greg Hoffman was named Chief Financial Officer for the System.

In September 2020, Mike Butler, President of Operations and Strategy announced his retirement. In January 2021, Mike's responsibilities were assumed by Rhonda Medows, M.D., President of Population Health and Chief Executive of Ayin Health Solutions, Amy Compton-Phillips, M.D., President of Clinical Care, Erik Wexler, President of Operations and Strategy, and Lisa Vance, President of Operations and Strategy.

In February 2021, Verona Dorch, Executive Vice President and Chief Legal Officer, passed away in Seattle. Verona joined Providence in June 2020 and onboarded in the midst of the COVID-19 pandemic. For the immediate future, Verona's responsibilities will be assumed by other leadership team members as we determine next steps. John Whipple will lead the department of legal affairs as the interim Chief Legal Officer and Deb Canales will temporarily assume responsibilities for governance.

Support Services

Corporate officers and supporting staff oversee the management activities performed on a day-to-day basis by the management staff of each region. Each regional Chief Executive oversees their management with emphasis on the service area's achievements in responding to unmet health care needs

in the community, especially the unmet needs of the poor and vulnerable, productivity, developing integrated delivery systems, meeting financial guidelines, and maintaining or increasing market share. The Chief Financial Officer of Providence and Finance staff coordinate the annual budget and multi-year forecasts of the service areas and manage the capital acquisition and management activities of the Obligated Group. Other areas in which the corporate staff provides centralized services or coordinates the activities of the service areas include legal affairs, insurance and risk management, treasury services, real estate strategy and operations, marketing, supplies management, technical support, fund-raising, quality of care, medical ethics, pastoral services, mission effectiveness, human resources, planning and policy development, and public affairs.

Obligated Group

Providence and the other entities so designated in the Glossary are currently Obligated Group Members under the Master Indenture.

Providence is the Obligated Group Agent under the Master Indenture. Under the Master Indenture, debt incurred or secured through the issuance of Obligations under the Master Indenture are the responsibility, jointly and severally, of the Obligated Group Members. Pursuant to the Master Indenture, Obligated Group Members may be added to and withdrawn from the Obligated Group under certain conditions described in the Master Indenture. Indebtedness evidenced or secured by obligations issued under the Master Indenture is solely the obligation of the Obligated Group, and such obligations are not guaranteed by, or the liabilities of, Sisters of Providence, Mother Joseph Province, any other Province of the Sisters of Providence, Sisters of St. Joseph of Orange, the Roman Catholic Church, or any affiliate of the System that is not an Obligated Group Member.

Obligated Group Utilization

The Obligated Group's key volume indicators are presented for the fiscal years ended December 31:

	Fiscal Year Ended	
EXHIBIT 5.1 - OBLIGATED GROUP UTILIZATION DATA PRESENTED IN THOUSANDS UNLESS NOTED	12-31-2019	12-31-2020
Obligated Group		
Inpatient Admissions	497	429
Acute Adjusted Admissions	982	843
Acute Patient Days	2,413	2,254
Long-Term Patient Days	392	330
Outpatient Visits (incl. Physicians)	21,402	19,410
Emergency Room Visits	2,097	1,664
Surgeries and Procedures	568	469
Acute Average Daily Census (Actual)	6,611	6,158

Obligated Group Capitalization

The Obligated Group's capitalization is presented for the fiscal years ended December 31:

	As of	
EXHIBIT 5.2 - OBLIGATED GROUP CAPITALIZATION $ PRESENTED IN MILLIONS UNLESS NOTED	12-31-2019	12-31-2020
Obligated Group		
Long-Term Indebtedness	$6,362	$5,809
Less: Current Portion of Long-Term Debt	81	110
Net Long-Term Debt	6,281	5,699
Net Assets - Unrestricted	12,911	12,741
Total Capitalization	$19,192	$18,440
Long-Term Debt to Capitalization %	32.7	30.9

Obligated Group Debt Service Coverage

The Obligated Group's coverage of MADS on indebtedness is presented for the fiscal years ended December 31:

EXHIBIT 5.3 - OBLIGATED GROUP DEBT SERVICE COVERAGE $ PRESENTED IN MILLIONS UNLESS NOTED	As of 12-31-2019	 12-31-2020
Obligated Group		
Income Available for Debt Service:		
Excess of Revenues Over Expenses	$1,805	$1,140
Less: Unrealized (Gains) on Trading Securities	(834)	(561)
Plus: Loss on Extinguishment of Debt	14	-
Plus: Loss on Pension Settlement Costs and Other	26	19
Plus: Depreciation	999	1,001
Plus: Interest and Amortization	254	257
Total	$2,264	1,856
Debt Service Requirements: (1)		
MADS (2)	$390	$395
Coverage of Debt Service Requirements (1)	5.8x	4.7x

(1) Debt Service Requirements has the meaning assigned to such term in the Master Indenture.
(2) Excludes borrowings secured in response to COVID-19 as they are classified as short-term indebtedness.

For the fiscal year ended December 31, 2020, the audited combined operating revenues, and total assets attributable to the Obligated Group Members were approximately 81 percent and 83 percent, respectively, of the System totals. For the fiscal year ended December 31, 2019, the audited combined operating revenues, and total assets attributable to the Obligated Group Members were approximately 84 percent and 87 percent, respectively, of the System totals. Refer to Exhibit 7 for supplementary information on the Obligated Group Members.

Control of Certain Obligated Group Members

General

Providence is the sole corporate member of PH&S and SJHS. PH&S is the sole corporate member, directly or indirectly, of each of Providence - Washington, Providence - Southern California, LCMASC, Providence - St. John's, Providence - SJMC Montana, Providence - Montana, Providence - Oregon, Swedish, Swedish Edmonds, Pac Med, Western Health Connect and Kadlec, and co-corporate member of Providence - Western Washington.

SJHS is the sole corporate member of SJHNC and, as more fully described hereinafter, a corporate member of St. Joseph Orange, St. Jude, Mission Hospital, St. Mary and CHS.

Northern California Region

SJHS is the sole member of St. Joseph Health Northern California, LLC, which operates the hospital facilities known as Santa Rosa Memorial Hospital, Queen of the Valley Medical Center, St. Joseph Hospital of Eureka, and Redwood Memorial Hospital. The corporate entities of Santa Rosa Memorial Hospital, Queen of the Valley Medical Center, St. Joseph Hospital of Eureka, and Redwood Memorial Hospital, each a California nonprofit public benefit corporation (collectively, the "Hospitals") transferred their assets to SJHNC effective as of April 1, 2018. Effective December 31, 2019 the remaining corporate entities in connection with this reorganization were dissolved.

Southern California Region

In connection with the March 2013 affiliation of SJHS and Hoag Hospital, a new entity known as Covenant Health Network, Inc. ("CHN"), a California nonprofit public benefit corporation, was created. CHN

is a corporate member of Hoag Hospital and St. Joseph Orange, St. Jude, Mission Hospital and St. Mary (the "SJHS Southern California Hospitals"). CHN, The George Hoag Family Foundation (Hoag Family Foundation) and the constituent churches of the Los Ranchos Presbytery of the Presbyterian Church (USA), as represented by the Association of Presbyterian Ministers (APM), are the corporate members of Hoag Hospital. None of CHN, Hoag Family Foundation or APM is an Obligated Group Member or is obligated for payment with respect to the Bonds.

SJHS, CHN, Hoag Hospital, and the SJHS Southern California Hospitals entered into an affiliation pursuant to the terms of an Affiliation Agreement dated as of October 15, 2012 (the "CHN Affiliation Agreement"). The CHN Affiliation Agreement, which became effective as of March 1, 2013, is designed to allow SJHS and each of the SJHS Southern California Hospitals on the one hand, and Hoag Hospital on the other hand, to preserve their respective Catholic and Presbyterian heritages and identities while creating an integrated community health care delivery system. The Affiliation Agreement was amended as of June 1, 2017 and Providence became a party to the arrangement. In addition, a Supplemental Agreement and two amendments were also entered into between the parties in 2017.

CHN does not have any corporate members, and neither Providence, SJHS, its affiliates, nor Hoag Hospital have any ownership interest in CHN. CHN's governing board consists of seven members, four of whom are designated by Providence in its sole discretion from persons who are members of the governing boards of SJHS, SJHS Southern California Hospitals, St. Joseph Health Ministry and/or Sisters of St Joseph of Orange, and/or members of Providence or SJHS management. The remaining three members are designated by Hoag Family Foundation and APM, acting jointly, in their sole discretion from members of the governing board of Hoag Hospital. The CHN board provides strategic planning leadership and oversight for the Southern California region.

CHN and SJHS have certain reserved powers with respect to the governance, management, and operation of each of the SJHS Southern California Hospitals and Hoag Hospital. Some of these powers may be exercised only by a supermajority vote of the CHN Board of Directors, meaning the affirmative vote of at least three of the four members designated by Providence, and of at least two of the three members designated by Hoag Family Foundation and APM. Such reserved powers and powers that require a supermajority vote may be reviewed and revised from time to time. These reserved powers include, among others, certain actions relating to: (i) changes in articles and bylaws, (ii) certain board member and management appointments and removals; and (iii) certain hospital mergers, acquisitions, joint ventures, asset sales, cash transfers and financings. Hoag Family Foundation and APM also have reserved powers with respect to certain management and operating matters and transactions involving Hoag Hospital.

West Texas/Eastern New Mexico Region

SJHS and Lubbock Methodist Hospital System ("LMHS") are the corporate members of CHS. CHS is the sole corporate member of CMC, Covenant Levelland and Covenant Plainview. LMHS is not an Obligated Group Member and is not obligated for payment with respect to the Bonds.

CHS was formed in 1998 pursuant to an affiliation between SJHS and LMHS and its affiliates, pursuant to which CHS became the sole corporate member of certain entities previously affiliated with LMHS and, together with certain of such entities, joined the obligated group to which SJHS and its affiliates were party.

CHS is governed by a 19-member board of directors. LMHS and SJHS each appoint eight directors. SJHS also appoints the Chief Executive Officer of CHS, who is an ex-officio voting director. The CMC Chief of Staff and Covenant Children's Hospital Chief of Staff also serve as ex-officio voting directors. SJHS has extensive authority with respect to the financial affairs of CHS and its subsidiaries, including, but not limited to, the approval of budgets of CHS and its subsidiaries and selection and retention of auditors.

As part of the affiliation, SJHS, CHS and LMHS entered into an agreement that significantly restricts the ability of SJHS to sever its relationship with CHS and the entities formerly affiliated with LMHS. Under certain circumstances, it also restricts CHS and SJHS from a wide variety of transactions (the "Covered Transactions"), including: (i) certain management agreements, leases, joint ventures and other transactions that might have the effect of transferring control of Covenant Medical Center or all assets of CHS and its subsidiaries to an unrelated third party, or in a manner that voids or reduces LMHS's right, as a member, to

appoint directors; (ii) a sale, transfer or conveyance of all or substantially all of CHS' assets (including all of CHS' affiliates, taken in the aggregate); (iii) an affiliation, management agreement, lease or joint venture under which a third party acquires the right to control CHS, as a whole; or (iv) any other transaction in which the ability to appoint and remove more than 50 percent of the directors of CHS is transferred to a third party.

In the event SJHS or CHS undertakes a Covered Transaction, they are obligated to provide notice and information to LMHS and to make a "reciprocal offer" to LMHS, including an offer to purchase LMHS's membership rights in CHS and a simultaneous obligation to offer CHS' membership rights to LMHS at the same purchase price, adjusted upward by a formula that reflects the dissolution percentages Pursuant to the terms of the affiliation, the dissolution percentages are SJHS – 57 percent; LMHS – 43 percent.

Other Information

Non-Obligated Group System Affiliates

In addition to the Obligated Group Members, the System includes: health plans; a provider network; numerous fundraising foundations; Providence Ventures, Inc., a Washington corporation that invests in health care activities; Tegria, a company that provides technologies and services to the health care sector, various not-for-profit corporations that own and operate assisted living facilities and low-income housing projects, including housing facilities for the elderly; and the University of Providence formerly known as University of Great Falls, located in Great Falls, Montana. The System also includes multiple operations involving or supporting home health, outpatient surgery, imaging services and other professional services provided through for-profit and non-profit entities that are not part of the Obligated Group. These entities are organized as subsidiaries of the System, partnerships, or joint ventures with other entities. Obligated Group Members also may engage in informal alliances and/or contract-based physician relationships. Affiliates that are not Obligated Group Members are referred to in this Annual Report as the Non-Obligated Group System Affiliates. Certain Non-Obligated Group System Affiliates that are of significant operational or strategic importance and other Non-Obligated Group System Affiliates are discussed elsewhere in this Annual Report only to the extent they are viewed by System management to be of particular operational or strategic importance.

Outstanding Master Trust Indenture Obligations

As of December 31, 2020, the System had Obligations outstanding under the Master Indenture totaling $6,282,000,000. This excludes Obligations that secure interest rate or other swap transactions, bank liquidity or credit facilities. The Obligations outstanding under the Master Indenture relating to tax-exempt and taxable bond/note indebtedness are described further in the Note 8 to the Combined Audited Financial Statements for the fiscal year ended December 31, 2020.

Certain of the outstanding Obligations secure tax-exempt bonds previously issued for the benefit of one or more Obligated Group Members (collectively, the "Direct Placement Bonds") that were purchased directly by commercial banks. Certain other of the outstanding Obligations secure taxable loans and lines of credit previously incurred on behalf of the Obligated Group (the "Taxable Loans") from one or more commercial banks or a syndicate of banks. Certain other of the outstanding Obligations secure payment obligations relating to bank liquidity or letter of credit facilities (the "Credit Facilities") issued by credit banks to secure the payment of principal of, interest on and purchase price for certain tax-exempt and taxable bonds issued for the benefit of, or by, certain Obligated Group Members. The financial covenants relating to the Direct Placement Bonds, the Taxable Loans and the Credit Facilities are substantially consistent with the covenants in the Master Indenture. In addition to financial covenants, the Direct Placement Bonds, the Taxable Loans and the Credit Facilities include events of default that may cause an acceleration of the Obligations secured thereby, and, in turn, all Obligations secured by the Master Indenture. Certain documents relating to the Direct Placement Bonds, the Taxable Loans and the Credit Facilities containing these financial covenants and events of default are available for review on EMMA (http://emma.msrb.org).

Interest Rate Swap Arrangements

The System and/or certain of its affiliates may enter into interest rate swap contracts from time to time to increase or decrease variable rate debt exposure, to achieve a targeted mix of fixed and floating rate indebtedness and for other purposes.

At December 31, 2020, SJHS was party to seven interest rate swap agreements with a current notional amount totaling approximately $418 million and with varying expiration dates. The swap agreements require SJHS to make fixed rate payments in exchange for variable rate payments made by the counterparties. SJHS's payment obligations under such swap agreements are secured by Obligations issued under the Master Indenture.

Below is a summary of those swap agreements, including the fair value of the swaps as of December 31, 2020. Fair values are based on independent valuations obtained and are determined by calculating the value of the discounted cash flows of the differences between the fixed interest rate of the interest rate swaps and the counterparty's forward London Interbank Offered Rate curve, which is the input used in the valuation, also taking into account any nonperformance risk. Changes in the fair value of the interest rate swaps are included within non-operating gains and losses. See also the discussion under "Other Information - Interest Rate Swap Agreements" and Note 8 to the Combined Audited Financial Statements for the fiscal year ended December 31, 2020.

DESCRIPTION	NOTIONAL	TERM	COUNTERPARTY	RECEIVE	PAY	FAIR VALUE
Fixed Payor	$6,900,000	Jul-21	Morgan Stanley	68% of 3 Month LIBOR	3.305%	($110,000)
Fixed Payor	$170,635,000	Jul-47	MUFG Union	68% of 3 Month LIBOR	3.529%	($72,501,000)
Fixed Payor	$45,305,000	Jul-47	Wells Fargo	68% of 3 Month LIBOR	3.520%	($18,689,000)
Fixed Payor	$62,800,000	Dec-40	Wells Fargo	55.70% of 1 Month LIBOR + 0.23%	3.229%	($16,206,000)
Fixed Payor	$62,850,000	Dec-40	Wells Fargo	55.70% of 1 Month LIBOR + 0.23%	3.229%	($16,187,000)
Fixed Payor	$69,390,000	Dec-40	Wells Fargo	55.70% of 1 Month LIBOR + 0.23%	3.229%	($17,910,000)

Entering into derivative agreements including those described above creates a variety of risks to the System. Pursuant to certain of these agreements, both SJHS and the counterparty are required to deliver collateral in certain circumstances in order to secure their respective obligations under the agreements. As of December 31, 2020, SJHS posted collateral in the amount of approximately $39,866,000. The amount of collateral delivered by SJHS over the term of the agreements could increase or decrease based upon SJHS' credit ratings and movements of United States dollar swap rates and could be substantial. Under certain circumstances, the derivative agreements are subject to termination prior to their scheduled termination date and prior to the maturity of the related revenue bonds. Payments due upon early termination may be substantial. In the event of an early termination of an agreement, there can be no assurance that (i) SJHS or any other Obligated Group Member will receive any termination payment payable to it by the provider, (ii) SJHS or any other Obligated Group Member will have sufficient amounts to pay a termination payment payable by it to the provider, or (iii) SJHS or the other Obligated Group Members will be able to obtain a replacement agreement with comparable terms. For financial reporting purposes, the System has generally not treated its swap agreements as effective hedges against the interest cost of underlying debt. To the extent that swaps are not treated as effective hedges, the System must recognize any changes in the fair market value of the swaps agreements and the related debt as non-operating gains or losses. See Note 8 to the Combined Audited Financial Statements for the fiscal year ended December 31, 2020.

Litigation

Certain material litigation may result in an adverse outcome to the Obligated Group. Obligated Group Members are involved in litigation and regulatory investigations arising in the course of doing business. After consultation with legal counsel, except as described below, management estimates that these matters will be resolved without material adverse effect on the Obligated Group's future consolidated financial position or results of operations.

In 2019, the U.S. Department of Justice served Swedish Health Services with a Civil Investigative Demand requesting documents pertaining to certain arrangements and joint ventures and physician organizations. Swedish is cooperating with the Department and compiling the responsive documents.

Several civil actions are pending or threatened against certain affiliates, including Obligated Group Members, alleging medical malpractice. In the opinion of management of Providence, based upon the advice of legal counsel and risk management personnel, the currently estimated costs and related expenses of defense will be within applicable insurance limits or will not materially adversely affect the financial condition or operations of the System.

In early May 2020, Hoag Family Foundation and APM, two of the three corporate members of Hoag Hospital, filed a complaint under a California Corporations Code statute seeking to involuntarily dissolve CHN, the third corporate member. The complaint seeks to remove Hoag Hospital as an Obligated Group Member. There has been no allegation that the Affiliation Agreement creating CHN has been breached, and there is no provision in the agreement for its termination or dissolution. The System believes that the complaint is without merit and believes the legal process will vindicate this position. Hoag accounts for less than 6 percent of the Obligated Group's audited total operating revenues for the fiscal year ended December 31, 2020 and less than 6 percent of the System's audited total operating revenues for the fiscal year ended December 31, 2020.

Employees

As of December 31, 2020, the System included approximately 120,000 employed caregivers (excluding Hoag), representing 103,036 FTEs. Of the total employees in the System, approximately 32 percent are represented by 19 different labor unions.

Providence management strives to provide market-competitive salaries and benefits to all employees in all markets. Management of Providence believes the salary levels and benefits packages for its employees are competitive in all the respective markets. At the same time, management understands that the health care industry is rapidly evolving. The leadership of each of the separate employers within the System is working to ensure the compensation and benefits are modern and reflect competitive market practices. This will require continued negotiations at the various employers within the System throughout 2021. In the past two years, the System has experienced strikes at different facilities, as a result of contract negotiations. In each situation, the facility operated with qualified replacement employees and experienced limited disruption to hospital operations or patient service. Management is also aware of ongoing organizing efforts by labor unions within the health care industry, including in markets where the separate employers within the System operate.

The separate employers across the System have implemented new programs and procedures for all employees, including temporary supplemental pay programs, accelerated hiring processes and procedures that support employee redeployment to ensure continued patient care during the COVID-19 pandemic, and will revisit as appropriate. In December 2020, after the Pfizer and Moderna COVID-19 vaccines received emergency use authorization from the FDA, Providence began a campaign to vaccinate its caregivers. Providence also rolled out pay programs to support caregivers who must receive their vaccine dose(s) on their days off and those who experience adverse vaccine side effects which keep them from work.

In 2020, Providence management established a social responsibility platform that includes a stronger commitment to diversity, equity, and inclusion, and has begun accelerating this important work. We updated our Integrated Strategic & Financial Plan to more clearly express our commitment to address racial disparities in health care and the social determinants of health.

Community Benefit

Informed by our community health needs assessments, we make strategic proactive investments in community-focused health and social service programs, health professions education, and research directly responding to unmet needs. In addition, we provide free and discounted care for the uninsured and underinsured to ensure vital access. We also cover the unpaid cost of Medicaid in the communities we serve.

Building on our commitment to care for those who are poor and vulnerable, we have invested $1.8 billion in community benefit in the fiscal year ended December 31, 2020, compared with $1.5 billion in 2019. Because we served more people covered by Medicaid who needed higher acuity and more complex care in 2020, our unpaid costs of Medicaid totaled $1.1 billion for the fiscal year ended December 31, 2020, compared with $816 million in 2019.

Insurance

Providence has developed insurance programs that provide coverage for various insurable risks. The program uses benchmarking and insurance analytics to guide its decisions regarding both the type of coverage it purchases and the limits of that insurance. The analytics use claims and historical data to estimate the cost and likelihood of certain events occurring such as an earthquake. The premium for an additional limit can then be compared to the probability of the event to pinpoint when the purchase of an additional insurance limit no longer provides a value to the System. The insurance team and brokers negotiate all types of insurance to obtain the most favorable terms of coverage possible. Insurers must have an A rating or better from A.M. Best to be on the System program. Management meets with its key underwriters at least once a year to obtain updates on any changes in business strategy or capacity. Providence currently self-insures a portion of its professional and general liability. Such claims are paid either through a trust arrangement or captive insurance company funded to a 75 percent confidence level based on projections from outside independent actuaries. The major lines of insurance that are renewed yearly include property, directors and officers, employment practices, auto, fiduciary, cyber liability/information security, workers' compensation, crime, and reinsurance for professional and general liability.

Retirement Plans

As described more completely under the caption "Retirement Plans" in Note 9 to the combined audited financial statements included in Exhibit 7, the System currently sponsors defined benefit and contribution plans. Although the System had certain defined benefit plans in place prior to January 1, 2010, in April 2009, the PH&S Board of Directors approved a freeze of the existing defined benefit plans, a cap on the ongoing cash balance interest credit formula, and the implementation of new defined contribution plans referenced within Note 9, all effective December 31, 2009.

The System's remaining unfunded liability with respect to the defined benefit plans decreased from approximately 61 percent at December 31, 2019 to 60 percent at December 31, 2020. The decrease in the unfunded liability occurred primarily due to a change in the valuation discount rate. The System's contribution to the defined benefit plans was approximately $113 million and $100 million at December 31, 2020 and 2019, respectively.

The System sponsors various defined contribution retirement plans that cover substantially all employees. The plans provide for employer matching contributions in an amount equal to a percentage of employee pretax contributions, up to a maximum amount. In addition, the System makes contributions to eligible employees based on years of service. Retirement expense related to these plans was $545 million and $500 million in December 31, 2020 and 2019, respectively, and is reflected in salaries and benefit expense in the accompanying combined statements of operations.

Accreditation and Memberships

The System's acute care hospital facilities are appropriately licensed by applicable state licensing agencies, certified for Medicare and Medicaid/Medi-Cal reimbursement, and (except Covenant Levelland, Providence Seward Medical Center, and Providence Valdez Medical Center) accredited by The Joint Commission. The System's five hospitals operated by Swedish Health Services are accredited by DNV. Each long-term care facility or unit is licensed by applicable state licensing agencies and is appropriately certified for Medicare and Medicaid/Medi-Cal reimbursement.

Glossary of Terms

Credit Group:	Obligated Group Members, Designated Affiliates, and Limited Credit Group Participants, and Unlimited Credit Group Participants, collectively.
Obligated Group or Obligated Group Members:	Obligated Group Members under the Master Indenture and currently: Providence PH&S Providence – Washington Providence – Southern California LCMASC Providence – Saint John's Providence – SJMC Montana Providence – Montana Providence – Oregon Providence – Western Washington Swedish Swedish Edmonds PacMed Western HealthConnect Kadlec SJHS St. Joseph Orange St. Jude Mission Hospital St. Mary Hoag Hospital SJHNC Queen of the Valley Santa Rosa Memorial St. Joseph Eureka Redwood Memorial CHS CMC Covenant Children's Covenant Levelland Covenant Plainview
Designated Affiliates:	Designated Affiliates under the Master Indenture. There are currently no Designated Affiliates.
Limited Credit Group Participants:	Limited Credit Group Participants under the Master Indenture. There are currently no Limited Credit Group Participants.
Unlimited Credit Group Participants:	Unlimited Credit Group Participants under the Master Indenture. There are currently no Unlimited Credit Group Participants.

CHS:	Covenant Health System, a Texas nonprofit corporation and currently an Obligated Group Member.
CMC:	Covenant Medical Center, a Texas nonprofit corporation and currently an Obligated Group Member.
Covenant Children's:	Methodist Children's Hospital, a Texas nonprofit corporation and currently an Obligated Group Member, doing business as Covenant Children's Hospital.
Covenant Levelland:	Methodist Hospital Levelland, a Texas nonprofit corporation and currently an Obligated Group Member, doing business as Covenant Lovelland Hospital.
Covenant Plainview:	Methodist Hospital Plainview, a Texas nonprofit corporation and currently an Obligated Group Member, doing business as Covenant Plainview Hospital.
Hoag Hospital:	Hoag Memorial Hospital Presbyterian, a California nonprofit public benefit corporation and currently an Obligated Group Member.
Kadlec:	Kadlec Regional Medical Center, a Washington nonprofit corporation and currently an Obligated Group Member.
LCMASC:	Little Company of Mary Ancillary Services Corporation, a California nonprofit public benefit corporation and currently an Obligated Group Member.
Mission Hospital:	Mission Hospital Regional Medical Center, a California nonprofit public benefit corporation and currently an Obligated Group Member.
PacMed:	PacMed Clinics, a Washington nonprofit corporation and currently an Obligated Group Member.
PH&S:	Providence Health & Services, a Washington nonprofit corporation and currently an Obligated Group Member.

Providence – Montana:	Providence Health & Services – Montana, a Montana nonprofit corporation and currently an Obligated Group Member.
Providence – Oregon:	Providence Health & Services – Oregon, an Oregon nonprofit corporation and currently an Obligated Group Member.
Providence – Saint John's:	Providence Saint John's Health Center, a California nonprofit religious corporation and currently an Obligated Group Member.
Providence – SJMC Montana:	Providence St. Joseph Medical Center, a Montana nonprofit corporation and currently an Obligated Group Member.
Providence – Southern California:	Providence Health System – Southern California, a California nonprofit religious corporation and currently an Obligated Group Member.
Providence – Washington:	Providence Health & Services – Washington, a Washington nonprofit corporation and currently an Obligated Group Member.
Providence – Western Washington:	Providence Health & Services – Western Washington, a Washington nonprofit corporation and currently an Obligated Group Member.
Providence St. Joseph Health, Providence, we, us, our:	Providence St. Joseph Health, a Washington nonprofit corporation and currently an Obligated Group Member and the Obligated Group Agent.
Queen of the Valley:	Queen of the Valley Medical Center, a California nonprofit public benefit corporation and currently an Obligated Group Member.
Redwood Memorial:	Redwood Memorial Hospital of Fortuna, a California nonprofit public benefit corporation and currently an Obligated Group Member.
Santa Rosa Memorial:	Santa Rosa Memorial Hospital, a California nonprofit public benefit corporation and currently an Obligated Group Member.
SJHNC:	St. Joseph Health Northern California, LLC, a California limited liability company and currently an Obligated Group Member.
SJHS:	St. Joseph Health System, a California nonprofit public benefit corporation and currently an Obligated Group Member.
St. Joseph Eureka:	St. Joseph Hospital of Eureka, a California nonprofit public benefit corporation and currently an Obligated Group Member.
St. Joseph Orange:	St. Joseph Hospital of Orange, a California nonprofit public benefit corporation and currently an Obligated Group Member.
St. Jude:	St. Jude Hospital, Inc., a California nonprofit public benefit corporation and currently an Obligated Group Member, doing business as St. Jude Medical Center.
St. Mary:	St. Mary Medical Center, a California nonprofit public benefit corporation and currently an Obligated Group Member.
Swedish:	Swedish Health Services, a Washington nonprofit corporation and currently an Obligated Group Member.
Swedish Edmonds:	Swedish Edmonds, a Washington nonprofit corporation and currently an Obligated Group Member.
System:	Providence and all entities that are included within the combined financial statements of Providence.
Western HealthConnect:	Western HealthConnect, a Washington nonprofit corporation and currently an Obligated Group Member.

Exhibit 6 – Obligated Group Facilities

Exhibit 6.1
Acute Care Facilities by Region

A list of the System's acute care facilities in each region as of December 31, 2020, each of which is owned, operated, or managed by an Obligated Group Member:

Region	Obligated Group Member	Facility	Location(s)	Licensed Acute Care Beds*
Alaska				
	Providence Health & Services-Washington	Providence Alaska Medical Center	Anchorage	401
		Providence Kodiak Island Medical Center [1]	Kodiak	25
		Providence Seward Medical and Care Center [2]	Seward	6
		Providence Valdez Medical Center [2]	Valdez	11
Swedish				
	Swedish Edmonds	Swedish Edmonds [1]	Edmonds	217
		Swedish Medical Center Campuses [3]:		
	Swedish Health Services	Swedish Ballard	Ballard	133
		Swedish Issaquah	Issaquah	175
		Swedish Cherry Hill	Seattle	349
		Swedish First Hill	Seattle	697
Washington and Montana				
	Providence Health & Services-Washington	Providence Centralia Hospital	Centralia	128
		Providence Regional Medical Center Everett	Everett	571
		Providence St. Peter Hospital [4]	Olympia	372
	Providence Health & Services-Washington	Providence St. Joseph's Hospital	Chewelah	65
		Providence Mount Carmel Hospital	Colville	55
		Providence Sacred Heart Medical Center and Children's Hospital	Spokane	691
		Providence Holy Family Hospital	Spokane	197
		Providence St. Mary Medical Center	Walla Walla	142
	Kadlec Regional Medical Center	Kadlec Regional Medical Center	Richland	337
	Providence Health & Services-Montana	St. Patrick Hospital	Missoula (MT)	253
	Providence St. Joseph Medical Center	Providence St. Joseph Medical Center	Polson (MT)	22
Oregon				
	Providence Health & Services-Oregon	Providence Hood River Memorial Hospital	Hood River	25
		Providence Medford Medical Center	Medford	168
		Providence Milwaukie Hospital	Milwaukie	77
		Providence Newberg Medical Center	Newberg	40
		Providence Willamette Falls Medical Center	Oregon City	143
		Providence St. Vincent Medical Center	Portland	523
		Providence Portland Medical Center	Portland	483
		Providence Seaside Hospital [1]	Seaside	25

Region	Obligated Group Member	Facility	Location(s)	Licensed Acute Care Beds*
Northern California				
	St. Joseph Health Northern California, LLC.	St. Joseph Hospital	Eureka	153
		Redwood Memorial Hospital	Fortuna	35
		Queen of the Valley Medical Center	Napa	200
		Santa Rosa Memorial Hospital	Santa Rosa	298
		Petaluma Valley Hospital (2)	Petaluma	80
Southern California				
	Providence Health System-Southern California	Providence St. Joseph Medical Center	Burbank	392
		Providence Holy Cross Medical Center	Mission Hills	329
		Providence Little Company of Mary Medical Center San Pedro	San Pedro	183
		Providence Tarzana Medical Center (2)	Tarzana	249
		Providence Little Company of Mary Medical Center Torrance	Torrance	327
	Providence Saint John's Health Center	Providence Saint John's Health Center	Santa Monica	266
	St. Mary Medical Center	St. Mary Medical Center	Apple Valley	213
	St. Jude Medical Hospital, Inc.	St. Jude Medical Center	Fullerton	320
		Mission Hospital Regional Medical Center Campuses (5):		504
	Mission Hospital Regional Medical Center	Mission Hospital Regional Medical Center	Mission Viejo	
		Mission Hospital Laguna Beach	Laguna Beach	
		Hoag Memorial Hospital Presbyterian Campuses (6):		518
	Hoag Memorial Hospital Presbyterian	Hoag Memorial Hospital Presbyterian	Newport Beach	
		Hoag Hospital Irvine	Irvine	
	St. Joseph Hospital of Orange	St. Joseph Hospital of Orange (7)	Orange	463
Texas				
	Methodist Hospital Levelland	Covenant Hospital Levelland	Levelland	48
		CHS Campuses:		381
	Covenant Health System	Covenant Medical Center	Lubbock	
		Covenant Medical Center - Lakeside	Lubbock	
		Grace Medical Center	Lubbock	155
	Methodist Children's Hospital	Covenant Children's Hospital	Lubbock	275
	Methodist Hospital Plainview	Covenant Hospital Plainview	Plainview	68
TOTAL				**11,788**

* Includes all acute care licensure categories except for normal newborn bassinettes and partial hospitalization psychiatric beds
(1) Leased by an obligated group member
(2) Managed by an obligated group member, however not a member of the obligated group
(3) Four campuses with three licenses
(4) Includes a 50-bed chemical dependency center
(5) Two campuses on one license, including 36 acute care psychiatric beds in Laguna Beach
(6) Two campuses on one license
(7) Includes 37 acute care psychiatric beds

Exhibit 6.2
Long-Term Care Facilities by Region

The System's principal owned or leased long-term care facilities as of December 31, 2020, each of which is owned, operated, or managed by an Obligated Group Member:

Region	Obligated Group Member	Facility	Location(s)	Licensed Long-Term Care Beds
Alaska				
	Providence Health & Services-Washington	Providence Kodiak Island Medical Center [1]	Kodiak	22
		Providence Seward Medical and Care Center [1]	Seward	40
		Providence Valdez Medical Center [2]	Valdez	10
		Providence Extended Care	Anchorage	96
		Providence Transitional Care Center	Anchorage	50
Washington and Montana				
	Providence Health & Services-Washington	Providence Marionwood	Issaquah	117
		Providence Mother Joseph Care Center	Olympia	152
		Providence Mount St. Vincent	Seattle	215
	Providence Health & Services-Washington	Providence St. Joseph Care Center	Spokane	113
Oregon				
	Providence Health & Services-Oregon	Providence Benedictine Nursing Center	Mt. Angel	98
		Providence Child Center	Portland	58
Northern California				
	St. Joseph Health Northern California, LLC.	Santa Rosa Memorial Hospital	Santa Rosa	31
Southern California				
	Providence Health System-Southern California	Providence Holy Cross Medical Center	Mission Hills	48
		Providence Little Company of Mary Subacute Care Center San Pedro	San Pedro	125
		Providence Little Company of Mary Transitional Care Center	Torrance	115
		Providence St. Elizabeth Care Center	North Hollywood	52
Texas				
	Covenant Health System	Covenant Long-term Acute Care [2]	Lubbock	56
TOTAL				**1,398**

[1] Lease by an obligated group member
[2] Managed or owned by an obligated group member, however not a member of the obligated group

Exhibit 7 – Supplementary Information

[ATTACHED]

Providence

EXHIBIT 7.1 - SUMMARY AUDITED COMBINED STATEMENTS OF OPERATIONS

	Ended December 31, 2020 (in 000's of dollars)		Ended December 31, 2019 (in 000's of dollars)	
	Consolidated	Obligated	Consolidated	Obligated
Operating Revenues:				
Net Patient Service Revenues	$ 18,964,084	17,761,749	19,882,771	18,942,163
Premium Revenues	2,423,924	280,738	2,375,699	218,721
Capitation Revenues	1,732,072	767,954	1,514,449	682,235
Other Revenues	2,554,510	2,078,110	1,252,498	1,131,482
Total Operating Revenues	25,674,590	20,888,551	25,025,417	20,974,601
Operating Expenses:				
Salaries and Benefits	12,646,320	11,001,078	12,172,125	10,867,963
Supplies	3,821,427	3,515,553	3,697,745	3,422,267
Purchased Healthcare Services	1,988,983	408,792	2,049,290	390,689
Interest, Depreciation, and Amortization	1,374,618	1,257,945	1,344,735	1,253,021
Purchased Services, Professional Fees, and Other	6,149,563	4,442,402	5,388,494	4,049,638
Total Operating Expenses Before Restructuring Costs	25,980,911	20,625,770	24,652,389	19,983,578
(Deficit) Excess of Revenues Over Expenses from Operations Before Restructuring Costs	(306,321)	262,781	373,028	991,023
Restructuring Costs	-	-	158,729	158,729
(Deficit) Excess of Revenues Over Expenses From Operations	(306,321)	262,781	214,299	832,294
Total Net Non-Operating (Losses) Gains	1,045,857	877,050	1,144,047	972,747
Excess of Revenues Over Expenses	$ 739,536	1,139,831	1,358,346	1,805,041

EXHIBIT 7.2 - SUMMARY AUDITED COMBINED STATEMENTS OF CASH FLOWS

	Ended December 31, 2020 (in 000's of dollars)		Ended December 31, 2019 (in 000's of dollars)	
	Consolidated	Obligated	Consolidated	Obligated
Net Cash Provided by Operating Activities	$ 3,148,727	3,525,593	963,361	2,457,092
Net Cash Used in Investing Activities	(1,741,794)	(1,129,877)	(1,474,810)	(2,325,152)
Net Cash Provided by (Used in) Financing Activities	507,062	(748,447)	230,261	(525,550)
Increase (Decrease) in Cash and Cash Equivalents	1,913,995	1,647,269	(281,188)	(393,610)
Cash and Cash Equivalents, Beginning of Period	1,316,209	633,478	1,597,397	1,027,088
Cash and Cash Equivalents, End of Period	$ 3,230,204	2,280,747	1,316,209	633,478

EXHIBIT 7.3 - SUMMARY AUDITED NET PATIENT SERVICE REVENUE PAYOR MIX

	Ended December 31, 2020 (in 000's of dollars)		Ended December 31, 2019 (in 000's of dollars)	
	Consolidated	Obligated	Consolidated	Obligated
Commercial	49%	48%	50%	49%
Medicare	32%	32%	32%	32%
Medicaid	16%	17%	15%	16%
Self-pay and Other	3%	3%	3%	3%

Providence

EXHIBIT 7.4 - SUMMARY AUDITED COMBINED BALANCE SHEETS

	As of December 31, 2020 (in 000's of dollars)		As of December 31, 2019 (in 000's of dollars)	
	Consolidated	Obligated	Consolidated	Obligated
Current Assets:				
Cash and Cash Equivalents	$ 3,230,204	2,280,747	1,316,209	633,478
Accounts Receivable, Net	2,365,360	2,183,641	2,400,037	2,255,555
Supplies Inventory	361,272	343,909	283,256	271,513
Other Current Assets	1,479,535	1,283,925	1,232,738	1,168,026
Current Portion of Assets Whose Use is Limited	1,227,531	885,284	701,720	341,065
Total Current Assets	8,663,902	6,977,506	5,933,960	4,669,637
Assets Whose Use is Limited	11,505,848	8,308,067	10,854,956	8,183,847
Property, Plant, and Equipment, Net	11,033,440	9,866,197	10,977,989	10,435,875
Other Assets	3,451,231	3,687,795	2,785,088	3,177,694
Total Assets	$ 34,654,421	28,839,565	30,551,993	26,467,053
Current Liabilities:				
Current Portion of Long-Term Debt	$ 127,107	110,353	85,111	80,924
Master Trust Debt Classified as Short-Term	933,860	933,860	205,240	205,240
Accounts Payable	1,155,330	978,443	1,034,992	909,251
Accrued Compensation	1,452,606	1,321,568	1,145,308	1,057,534
Other Current Liabilities	3,020,050	2,106,505	2,427,583	1,780,475
Total Current Liabilities	6,688,953	5,450,729	4,898,234	4,033,424
Long-Term Debt, Net of Current Portion	6,061,327	5,698,916	6,393,194	6,280,796
Pension Benefit Obligation	1,202,762	1,202,862	1,093,830	1,093,830
Other Liabilities	3,985,353	2,739,486	2,291,687	1,223,193
Total Liabilities	17,938,395	15,091,993	14,676,945	12,631,243
Net Assets:				
Controlling Interests	14,857,133	12,741,287	14,344,233	12,911,678
Noncontrolling Interests	308,509	(533)	149,783	(475)
Net Assets Without Donor Restrictions	15,165,642	12,740,754	14,494,016	12,911,203
Net Assets With Donor Restrictions	1,550,384	1,006,818	1,381,032	924,607
Total Net Assets	16,716,026	13,747,572	15,875,048	13,835,810
Total Liabilities and Net Assets	$ 34,654,421	28,839,565	30,551,993	26,467,053

Providence

EXHIBIT 7.5 - KEY PERFORMANCE METRICS

	Ended December 31, 2020		Ended December 31, 2019	
	Consolidated	Obligated	Consolidated	Obligated
Inpatient Admissions	446,966	429,199	506,581	496,847
Acute Patient Days	2,339,728	2,254,003	2,464,462	2,413,118
Acute Outpatient Visits	11,671,846	10,938,450	12,862,964	12,099,750
Primary Care Visits	12,303,694	7,740,634	13,071,341	8,418,009
Inpatient Surgeries	186,823	179,387	219,945	213,959
Outpatient Surgeries	402,611	290,006	479,339	353,617
Long-Term Care Admissions	5,742	5,324	8,056	7,664
Long-Term Care Patient Days	340,396	329,871	401,925	391,803
Long-Term Care Average Daily Census	224	195	238	210
Home Health Visits	1,150,386	730,649	1,367,849	884,553
Hospice Days	1,074,947	616,459	1,027,037	605,087
Housing and Assisted Living Days	600,757	221,764	619,485	241,802
Health Plan Members	699,076	n/a	648,865	n/a
Acute Average Daily Census	6,393	6,158	6,752	6,611
Acute Licensed Beds	11,817	11,287	11,908	11,576
FTEs	103,036	89,643	104,780	92,318
Historical Debt Service Coverage Ratio	3.92	5.04	5.11	6.56

Providence

EXHIBIT 7.6 - SUMMARY AUDITED COMBINING STATEMENTS OF OPERATIONS BY REGION

	Ended December 31, 2020 (in 000's of dollars)								
	Alaska	Swedish	Washington/ Montana	Oregon	Northern California	Southern California	West Texas/ Eastern New Mexico	Other/ Eliminations	Consolidated
Operating Revenues:									
Net Patient Service Revenues	$ 827,835	2,328,859	4,393,093	2,239,258	1,371,838	6,022,678	1,051,944	728,579	18,964,084
Premium Revenues	-	-	-	2,155,497	-	45	-	268,382	2,423,924
Capitation Revenues	-	-	164,833	13,897	84,880	1,467,515	-	947	1,732,072
Other Revenues	78,556	340,226	431,195	495,335	114,620	638,588	124,459	331,531	2,554,510
Total Operating Revenues	906,391	2,669,085	4,989,121	4,903,987	1,571,338	8,128,826	1,176,403	1,329,439	25,674,590
Operating Expenses:									
Salaries and Benefits	363,942	1,332,786	2,291,425	1,631,128	602,322	2,832,538	476,983	3,115,196	12,646,320
Supplies	116,823	435,031	790,085	458,934	211,773	1,125,854	222,496	460,431	3,821,427
Purchased Healthcare Services	-	1,575	98,513	1,199,513	46,147	532,284	-	110,951	1,988,983
Interest, Depreciation, and Amortization	60,591	136,387	173,151	119,149	63,670	365,351	71,034	385,285	1,374,618
Purchased Services, Professional Fees, and Other	290,545	908,395	1,632,631	1,300,061	641,321	3,337,784	388,058	(2,349,232)	6,149,563
Total Operating Expenses Before Restructuring Costs	831,901	2,814,174	4,985,805	4,708,785	1,565,233	8,193,811	1,158,571	1,722,631	25,980,911
(Deficit) Excess of Revenues Over Expenses from Operations Before Restructuring Costs	74,490	(145,089)	3,316	195,202	6,105	(64,985)	17,832	(393,192)	(306,321)
Restructuring Costs	-	-	-	-	-	-	-	-	-
(Deficit) Excess of Revenues Over Expenses From Operations	74,490	(145,089)	3,316	195,202	6,105	(64,985)	17,832	(393,192)	(306,321)
Total Net Non-Operating Losses	110,658	62,241	113,527	205,157	43,514	361,512	26,584	122,664	1,045,857
(Deficit) Excess of Revenues Over Expenses	$ 185,148	(82,848)	116,843	400,359	49,619	296,527	44,416	(270,528)	739,536

Providence

EXHIBIT 7.7 - SUMMARY AUDITED COMBINING BALANCE SHEETS BY REGION

	As of December 31, 2020 (in 000's of dollars)								
	Alaska	Swedish	Washington/ Montana	Oregon	Northern California	Southern California	West Texas/ Eastern New Mexico	Other/ Eliminations	Consolidated
Current Assets:									
Cash and Cash Equivalents	$ 653,274	160,306	309,764	1,317,164	147,256	(397,364)	294,938	744,866	3,230,204
Accounts Receivable, Net	123,317	297,498	500,866	211,061	157,683	824,262	159,870	90,803	2,365,360
Supplies Inventory	15,199	39,716	66,111	47,022	22,764	86,719	18,461	65,280	361,272
Other Current Assets	18,859	40,605	110,632	197,661	164,805	681,853	(4,296)	269,416	1,479,535
Current Portion of Assets Whose Use is Limited	-	-	-	-	2,326	520,753	-	704,452	1,227,531
Total Current Assets	810,649	538,125	987,373	1,772,908	494,834	1,716,223	468,973	1,874,817	8,663,902
Assets Whose Use is Limited	1,083,273	664,763	1,046,602	2,442,501	475,133	3,264,531	288,346	2,240,699	11,505,848
Property, Plant, and Equipment, Net	445,055	1,248,970	1,572,152	1,034,192	702,399	3,977,408	711,826	1,341,438	11,033,440
Other Assets	66,812	399,090	318,966	146,295	28,570	1,212,024	110,071	1,169,403	3,451,231
Total Assets	$ 2,405,789	2,850,948	3,925,093	5,395,896	1,700,936	10,170,186	1,579,216	6,626,357	34,654,421
Current Liabilities:									
Current Portion of Long-Term Debt	3,978	15,362	880	(1,154)	42,581	55,233	9,342	885	127,107
Master Trust Debt Classified as Short-Term	-	-	-	-	-	85,397	-	848,463	933,860
Accounts Payable	21,705	88,339	129,388	77,547	44,203	380,683	36,028	377,437	1,155,330
Accrued Compensation	40,763	118,183	218,920	174,861	50,813	349,476	57,158	442,432	1,452,606
Other Current Liabilities	43,632	145,657	471,536	546,595	158,649	834,317	117,367	702,297	3,020,050
Total Current Liabilities	110,078	367,541	820,724	797,849	296,246	1,705,106	219,895	2,371,514	6,688,953
Long-Term Debt, Net of Current Portion	265,274	996,932	1,109,068	133,239	306,014	1,972,710	470,489	807,601	6,061,327
Pension Benefit Obligation	-	424,361	-	9,060	-	-	-	769,341	1,202,762
Other Liabilities	95,863	426,522	387,116	255,489	141,730	898,149	137,889	1,642,595	3,985,353
Total Liabilities	$ 471,215	2,215,356	2,316,908	1,195,637	743,990	4,575,965	828,273	5,591,051	17,938,395
Net Assets:									
Controlling Interests	1,904,802	518,120	1,529,010	3,940,327	880,745	4,477,801	683,149	923,179	14,857,133
Noncontrolling Interests	382	2,023	-	(90)	-	256,324	24,142	25,728	308,509
Net Assets Without Donor Restrictions	1,905,184	520,143	1,529,010	3,940,237	880,745	4,734,125	707,291	948,907	15,165,642
Net Assets With Donor Restrictions	29,390	115,449	79,175	260,022	76,201	860,096	43,652	86,399	1,550,384
Total Net Assets	1,934,574	635,592	1,608,185	4,200,259	956,946	5,594,221	750,943	1,035,306	16,716,026
Total Liabilities and Net Assets	$ 2,405,789	2,850,948	3,925,093	5,395,896	1,700,936	10,170,186	1,579,216	6,626,357	34,654,421

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Providence

EXHIBIT 7.8 - KEY PERFORMANCE METRICS BY REGION

	As of December 31, 2020							
	Alaska	Swedish	Washington/ Montana	Oregon	Northern California	Southern California	West Texas/ Eastern New Mexico	Consolidated
Inpatient Admissions	15,100	48,236	115,136	56,480	25,399	164,346	22,269	446,966
Acute Patient Days	110,608	271,215	643,325	302,765	138,152	748,858	124,805	2,339,728
Acute Outpatient Visits	397,038	845,909	2,933,319	3,187,522	662,322	2,999,176	646,560	11,671,846
Primary Care Visits	83,498	1,612,262	3,676,146	2,257,242	620,349	3,266,821	539,180	12,303,694
Inpatient Surgeries	7,846	22,548	53,812	25,857	7,483	62,838	6,439	186,823
Outpatient Surgeries	10,511	47,408	105,605	109,210	13,826	94,607	21,445	402,611
Long-Term Care Admissions	218	n/a	n/a	75	n/a	2,645	418	5,742
Long-Term Care Patient Days	54,439	n/a	n/a	10,507	n/a	73,039	10,525	340,396
Long-Term Care Average Daily Census	115	n/a	n/a	29	n/a	n/a	29	224
Home Health Visits	15,604	n/a	5,468	n/a	63,153	n/a	n/a	1,150,386
Hospice Days	22,505	n/a	n/a	n/a	125,452	531	67,412	1,074,947
Housing and Assisted Living Days	28,931	n/a	11,526	46,610	n/a	n/a	n/a	600,757
Health Plan Members	n/a	n/a	n/a	699,076	n/a	n/a	n/a	699,076
Average Daily Census	302	741	1,758	827	377	2,046	341	6,393
Acute Licensed Beds	482	1,571	2,833	1,484	686	3,834	927	11,817
FTEs	3,638	10,282	21,246	15,097	4,827	25,752	5,303	103,036

PROVIDENCE ST. JOSEPH HEALTH

Combined Financial Statements

December 31, 2020 and 2019

(With Independent Auditors' Report Thereon)

KPMG LLP
Suite 2900
1918 Eighth Avenue
Seattle, WA 98101

Independent Auditors' Report

The Board of Directors
Providence St. Joseph Health:

We have audited the accompanying combined financial statements of Providence St. Joseph Health, which comprise the combined balance sheets as of December 31, 2020 and 2019, and the related combined statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Providence St. Joseph Health as of December 31, 2020 and 2019, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The Obligated Group Combining Balance Sheets and Statements of Operations Information included on pages 36 and 37 is presented for purposes of additional analysis and is not a required part of the combined

financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

KPMG LLP

Seattle, Washington
March 8, 2021

PROVIDENCE ST. JOSEPH HEALTH

Combined Balance Sheets

December 31, 2020 and 2019

(In millions of dollars)

Assets		2020	2019
Current assets:			
Cash and cash equivalents	$	3,230	1,316
Accounts receivable		2,365	2,400
Supplies inventory		361	283
Other current assets		1,480	1,233
Current portion of assets whose use is limited		1,228	702
Total current assets		8,664	5,934
Assets whose use is limited		11,506	10,855
Property, plant, and equipment, net		11,033	10,978
Operating lease right-of-use assets		1,219	1,240
Other assets		2,232	1,545
Total assets	$	34,654	30,552
Liabilities and Net Assets			
Current liabilities:			
Current portion of long-term debt	$	127	85
Master trust debt classified as short-term		934	205
Accounts payable		1,155	1,035
Accrued compensation		1,453	1,145
Current portion of operating lease right-of-use liabilities		262	267
Other current liabilities		2,758	2,161
Total current liabilities		6,689	4,898
Long-term debt, net of current portion		6,061	6,393
Pension benefit obligation		1,203	1,094
Long-term operating lease right-of-use liabilities, net of current portion		1,145	1,167
Other liabilities		2,840	1,125
Total liabilities		17,938	14,677
Net assets:			
Controlling interests		14,857	14,344
Noncontrolling interests		309	150
Net assets without donor restrictions		15,166	14,494
Net assets with donor restrictions		1,550	1,381
Total net assets		16,716	15,875
Total liabilities and net assets	$	34,654	30,552

See accompanying notes to combined financial statements.

PROVIDENCE ST. JOSEPH HEALTH

Combined Statements of Operations

Years ended December 31, 2020 and 2019

(In millions of dollars)

	2020	2019
Operating revenues:		
Net patient service revenues	$ 18,964	19,883
Premium revenues	2,424	2,376
Capitation revenues	1,732	1,514
Other revenues	2,555	1,252
Total operating revenues	25,675	25,025
Operating expenses:		
Salaries and benefits	12,646	12,172
Supplies	3,821	3,698
Purchased healthcare services	1,989	2,049
Interest, depreciation, and amortization	1,375	1,345
Purchased services, professional fees, and other	6,150	5,388
Total operating expenses before restructuring costs	25,981	24,652
(Deficit) excess of revenue over expenses from operations before restructuring costs	(306)	373
Restructuring costs	—	159
(Deficit) excess of revenue over expenses from operations	(306)	214
Net nonoperating gains (losses):		
Loss on extinguishment of debt	—	(14)
Investment income, net	1,106	1,285
Other	(60)	(127)
Total net nonoperating gains	1,046	1,144
Excess of revenues over expenses	$ 740	1,358

See accompanying notes to combined financial statements.

PROVIDENCE ST. JOSEPH HEALTH

Combined Statements of Changes in Net Assets

Years ended December 31, 2020 and 2019

(In millions of dollars)

	Without donor restrictions			
	Controlling interests	Noncontrolling interests	With donor restrictions	Total net assets
Balance, December 31, 2018	$ 12,988	168	1,235	14,391
Excess of revenues over expenses	1,313	45	—	1,358
Contributions, grants, and other	32	(63)	256	225
Net assets released from restriction	56	—	(110)	(54)
Pension related changes	(45)	—	—	(45)
Increase (decrease) in net assets	1,356	(18)	146	1,484
Balance, December 31, 2019	14,344	150	1,381	15,875
Excess of revenues over expenses	688	52	—	740
Contributions, grants, and other	(80)	107	287	314
Net assets released from restriction	53	—	(118)	(65)
Pension related changes	(148)	—	—	(148)
Increase in net assets	513	159	169	841
Balance, December 31, 2020	$ 14,857	309	1,550	16,716

See accompanying notes to combined financial statements.

PROVIDENCE ST. JOSEPH HEALTH

Combined Statements of Cash Flows

Years ended December 31, 2020 and 2019

(In millions of dollars)

		2020	2019
Cash flows from operating activities:			
Increase in net assets	$	841	1,484
Adjustments to reconcile increase in net assets to net cash provided by operating activities:			
Depreciation and amortization		1,110	1,076
Loss on extinguishment of debt		—	14
Restricted contributions and investment income received		(287)	(256)
Net realized and unrealized gains on investments		(973)	(1,139)
Changes in certain current assets and liabilities		1,038	(54)
Change in certain long-term assets and liabilities		1,420	(162)
Net cash provided by operating activities		3,149	963
Cash flows from investing activities:			
Property, plant, and equipment additions, net of disposals		(978)	(1,188)
Purchases of securities, net of sales		(491)	(389)
Purchases of alternative investments and commingled funds		(653)	(604)
Proceeds from sales of alternative investments and commingled funds		680	848
Cash paid through affiliation and divestiture activities, net		(189)	(93)
Other investing activities		(111)	(49)
Net cash used in investing activities		(1,742)	(1,475)
Cash flows from financing activities:			
Proceeds from restricted contributions and restricted income		287	256
Debt borrowings		1,106	1,497
Debt payments		(850)	(1,453)
Other financing activities		(36)	(69)
Net cash provided by financing activities		507	231
Increase (decrease) in cash and cash equivalents		1,914	(281)
Cash and cash equivalents, beginning of year		1,316	1,597
Cash and cash equivalents, end of year	$	3,230	1,316
Supplemental disclosure of cash flow information:			
Cash paid for interest, net of amounts capitalized	$	267	276

See accompanying notes to combined financial statements.

(1) Basis of Presentation and Significant Accounting Policies

(a) Reporting Entity

Providence St. Joseph Health (the Health System), a Washington nonprofit corporation, is the sole corporate member of Providence Health & Services (PHS) and the St. Joseph Health System (SJHS). PHS, a Washington nonprofit corporation, is a Catholic healthcare system sponsored by the public juridic person, Providence Ministries. SJHS, a California nonprofit public benefit corporation, is a Catholic healthcare system sponsored by the public juridic person, St. Joseph Health Ministry.

The Health System seeks to improve the health of the communities it serves, especially the poor and vulnerable. The Health System operations include 51 hospitals and a comprehensive range of services provided across Alaska, California, Montana, New Mexico, Oregon, Texas, and Washington. The Health System also provides population health management through various affiliated licensed insurers and other risk-bearing entities.

The Health System has been recognized as exempt from federal income taxes, except on unrelated business income, under Section 501(a) of the Internal Revenue Code (IRC) as an organization described in Section 501(c)(3) and further described as a public charitable organization under Section 509(a)(3). PHS, SJHS, and substantially all of the various corporations within the Health System have been granted exemptions from federal income tax under Section 501(a) of the Internal Revenue Code as charitable organizations described in Section 501(c)(3). During 2020 and 2019, the Health System did not record any liability for unrecognized tax benefits.

(b) Basis of Presentation

The accompanying combined financial statements of the Health System were prepared in accordance with U.S. generally accepted accounting principles and include the assets, liabilities, revenues, and expenses of all wholly owned affiliates, majority-owned affiliates over which the Health System exercises control, and, when applicable, entities in which the Health System has a controlling financial interest. Intercompany balances and transactions have been eliminated in combination.

(c) Performance Indicator

The performance indicator is the excess of revenues over expenses. Changes in unrestricted net assets that are excluded from the performance indicator include net assets released from restriction for the purchase of property, plant, and equipment, certain changes in funded status of pension and other postretirement benefit plans, restricted contributions from affiliations, net changes in noncontrolling interests in combined joint ventures, and certain other activities.

(d) Operating and Nonoperating Activities

The Health System's primary mission is to meet the healthcare needs in its market areas through a broad range of general and specialized healthcare services, including inpatient acute care, outpatient services, physician services, long-term care, population health management, and other healthcare and health insurance services. Activities directly associated with the furtherance of this mission are considered to be operating activities. Other activities that result in gains or losses peripheral to the Health System's primary mission are considered to be nonoperating. Nonoperating activities include investment earnings, gains or losses from debt extinguishment, certain pension related costs, gains or losses on interest rate swaps, and certain other activities.

(e) Restructuring Costs

Restructuring costs were recorded during the year ended December 31, 2019. The amounts were comprised of severance, consulting expenses and asset impairment related to restructuring initiatives. There were no restructuring costs recorded during the year ended December 31, 2020.

(f) Use of Estimates and Assumptions

The preparation of the combined financial statements in conformity with U.S. generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting periods. Significant estimates and assumptions are used for, but not limited to: (1) allowance for contractual revenue adjustments; (2) fair value of acquired assets and assumed liabilities in business combinations; (3) fair value of investments; (4) reserves for self-insured healthcare plans; and (5) reserves for professional, workers' compensation and general insurance liability risks.

The accounting estimates used in the preparation of the combined financial statements will change as new events occur, additional information is obtained or the operating environment changes. Assumptions and the related estimates are updated on an ongoing basis and external experts may be employed to assist in the evaluation, as considered necessary. Actual results could materially differ from those estimates.

(g) Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with an original or remaining maturity of three months or less when acquired.

(h) Supplies Inventory

Supplies inventory is stated at the lower of cost (first-in, first-out) or market.

(i) Investments Including Assets Whose Use Is Limited

The Health System has classified all of its investments as trading securities. These investments are reported on the combined balance sheets at fair value on a trade-date basis.

(In millions of dollars)

Assets whose use is limited primarily include assets held by trustees under indenture agreements, self-insurance funds, funds held for the payment of health plan medical claims and other statutory reserve requirements, assets held by related foundations, and designated assets set aside by management of the Health System for future capital improvements and other purposes, over which management retains control.

(j) Liquidity

Cash and cash equivalents and accounts receivable are the primary liquid resources used by the Health System to meet expected expenditure needs within the next year. The Health System has credit facility programs, as described in Note 7, available to meet unanticipated liquidity needs. Although intended to satisfy long-term obligations, management estimates that approximately 67% and 68% of noncurrent investments, as stated at December 31, 2020 and 2019, respectively could be utilized within the next year if needed.

(k) Derivative Instruments

The Health System allows certain investment managers to use derivative financial instruments (futures and forward currency contracts) to manage interest rate risk related to the Health System's fixed-income holdings. Also, the Health System uses derivative financial instruments (interest rate swaps) to manage its interest rate exposure and overall cost of borrowing. The interest rate swap agreements do not meet the criteria for hedge accounting and all changes in the valuation are recognized as a component of net nonoperating gains (losses) in the accompanying combined statements of operations.

(l) Net Assets

Net assets without donor restrictions are those that are not subject to donor-imposed stipulations. Amounts related to the Health System's noncontrolling interests in certain joint ventures are included in net assets without donor restrictions.

Net assets with donor restrictions are those whose use by the Health System has been limited by donors to a specific time period, in perpetuity, and/or purpose.

Net assets with donor restrictions are available for the following purposes as of December 31:

		2020	2019
Program support	$	1,242	1,046
Capital acquisition		208	228
Low-income housing and other		100	107
Total net assets with donor restrictions	$	1,550	1,381

(m) Donor-Restricted Gifts

Unconditional promises to give cash and other assets to the Health System are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are

reported at fair value at the date the promise to give is no longer conditional. The gifts are reported as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When the terms of a donor restriction are met, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported as other operating revenues in the combined statements of operations or as net assets released from restriction in the combined statements of changes in net assets.

(n) Charity Care and Community Benefit

The Health System provides community benefit activities that address significant health priorities within its geographic service areas. These activities include Medicaid and Medicare shortfalls, community health services, education and research, and free and low-cost care (charity care).

Charity care is reported at cost and is determined by multiplying the charges incurred at established rates for services rendered by the Health System's cost-to-charge ratio. The cost of charity care provided by the Health System for the years ended December 31, 2020 and 2019 was $276 and $303, respectively.

(o) Subsequent Events

The Health System has performed an evaluation of subsequent events through March 8, 2021, the date the accompanying combined financial statements were issued.

(p) New Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*, which requires lessees to recognize a lease liability and a right-of-use (ROU) asset for all lease obligations with exception to short-term leases. The lease liability represents the lessee's obligation to make lease payments arising from the lease measured on a discounted basis and the ROU asset represents the lessee's right to use or control the use of a specified asset for a lease term. The lease guidance also simplifies accounting for sale-leaseback transactions. ASU No. 2016-02 was effective for the Health System beginning on January 1, 2019. In 2019, the FASB updated its guidance allowing entities to adopt the provisions of the standard prospectively without adjusting comparative periods. The Health System elected this option. The Health System elected to apply the packages of practical expedients to not reassess prior conclusions related to contracts containing leases, lease classification, and initial direct costs. Additionally, the Health System elected to apply the hindsight practical expedient, which allows entities to use hindsight in determining the lease term and in assessing impairment.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash,* which requires the amounts generally described as restricted cash and restricted cash equivalents to be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The Health System adopted ASU 2016-18 in 2019 and the provisions of the standard did not have an impact on the combined financial statements.

In August 2018, the FASB issued ASU 2018-13, *Fair Value Measurement (Topic 820) Changes to the Disclosure Requirements for Fair Value Measurement,* which modifies the disclosure requirements on fair value measurements in Topic 820, *Fair Value Measurement*. The Health System adopted ASU 2018-13 effective January 1, 2020, and the provisions of the standard did not have a material impact on the combined financial statements.

In August 2018, the FASB issued ASU 2018-15, *Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract,* which requires implementation costs incurred by customers in cloud computing arrangements to be deferred and recognized over the term of the arrangement, if those costs would be capitalized in a software licensing arrangement under internal-use software guidance in Accounting Standards Codification (ASC) Subtopic 350-40, *Intangibles – Goodwill and Other-Internal-Use Software.* The Health System adopted ASU 2018-15 in 2019, and the provisions of the standard did not have a material impact on the combined financial statements.

In May 2019, the FASB issued ASU 2019-06, *Extending the Private Company Accounting Alternatives on Goodwill and Certain Identifiable Intangible Assets to Not-for-Profit entities,* which provides optional alternatives to goodwill and certain intangible assets acquired in a business combination. The alternatives are intended to (1) reduce the frequency of impairment tests; (2) simplify the impairment test when it is required; and (3) result in recognition of fewer intangible assets in future business combinations. The ASU also provides an alternative to amortize goodwill over ten years, or less than ten years if a shorter useful life is more appropriate. The Health System will adopt the alternatives under the ASU as of January 1, 2021 and begin to amortize goodwill over a ten-year period. The Health System does not expect the standard to have a material impact on the combined financial statements.

(q) Reclassifications

Certain reclassifications, which have no impact on net assets or changes in net assets, have been made to prior year amounts to conform to the current year presentation.

(2) Covid-19 Pandemic and CARES Act Funding

Coronavirus Aid, Relief, and Economic Security (CARES) Act, which was enacted on March 27, 2020, authorized $100,000 in funding to hospitals and other healthcare providers to be distributed through the Public Health and Social Services Emergency Fund (the Fund). Payments from the Fund are intended to compensate healthcare providers for lost revenues and incremental expenses incurred in response to the COVID-19 pandemic and are not required to be repaid provided the recipients attest to and comply with certain terms and conditions, including limitations on balance billing and not using this funding to reimburse expenses or losses that other sources are obligated to reimburse. The U.S. Department of Health and Human Services (HHS) initially distributed $30,000 of this funding based on each provider's share of total Medicare fee-for-service reimbursement in 2019 but announced that $50,000 in CARES Act funding (including the $30,000 already distributed) would be allocated proportional to providers' share of 2018 patient service revenue. HHS indicated that distributions of the remaining $50,000 were targeted primarily to hospitals in COVID-19 high impact areas, to rural providers, and to reimburse providers for COVID-19 related treatment of uninsured patients. The Health System received payments of approximately $1,072

from the Fund in 2020, and $957 was recognized as other operating revenue during the year ended December 31, 2020.

As a way to increase cash flow to Medicare providers impacted by the COVID-19 pandemic, the CARES Act expanded the Medicare Accelerated and Advance Payment Program. Inpatient acute care hospitals may request accelerated payments of up to 100% of the Medicare payment amount for a six-month period (not including Medicare Advantage payments), although CMS is now reevaluating pending and new applications in light of direct payments made available through the Fund. CMS based payment amounts for inpatient acute care hospitals on the provider's Medicare fee-for-service reimbursements in the last six months of 2019. Such accelerated payments are interest free for inpatient acute care hospitals and our ambulatory providers for up to 29 months, and the program currently requires CMS to start recouping the payments beginning 12 months after receipt by the provider by withholding future Medicare fee-for-service payments for claims until the full accelerated payment has been recouped. The recoupment will start at 25% for the first 11 months, and then increase to 50% for the succeeding six months. The program currently requires any outstanding balance remaining after 29 months to be repaid by the provider or be subject to an interest rate currently set at 4%. The payments are made for services a healthcare entity will provide to its Medicare patients who are the healthcare entity's customers. Therefore, they are accounted for as revenue once the services are provided to the patients. In April 2020, the Health System received approximately $1,630 of accelerated payments which have been accrued on the combined balance sheets as of December 31, 2020 in other current and other long-term liabilities. These liabilities will be reduced as payment for services recognized for claims submitted for services provided after the one-year period. As of December 31, 2020, $996 is recorded in other long-term liabilities on the combined balance sheets.

The CARES Act also provided for deferred payment of the employer portion of social security taxes between March 27, 2020 and December 31, 2020, with 50% of the deferred amount due December 31, 2021 and the remaining 50% due December 31, 2022. The Health System began deferring the employer portion of social security taxes in mid-April 2020. As of December 31, 2020, the Health System deferred $365 in social security taxes which are included in accrued compensation and other long-term liabilities in the accompanying combined balance sheets.

Under accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect reported amounts. Accordingly, the impact of COVID-19 has increased the uncertainty associated with several of the assumptions underlying management's estimates. COVID-19's overall impact on the Health System will be driven primarily by the severity and duration of the pandemic; the pandemic's impact on the United States economy and the timing, scope, and effectiveness of federal, state, and local governmental responses to the pandemic. Those primary drivers are uncertain and beyond management's control and may adversely impact the Health System's revenue growth, supply chain, investments, and workforce, among other aspects of the Health System's business. The actual impact of COVID-19 on the Health System's combined financial statements may differ significantly from the judgments and estimates made as of the year ended December 31, 2020.

(3) Revenue Recognition

(a) Net Patient Service Revenues

The Health System has agreements with governmental and other third-party payors that provide for payments to the Health System at amounts different from established charges. Payment arrangements for major third-party payors may be based on prospectively determined rates, reimbursed cost, discounted charges, per diem payments, or other methods.

Net patient service revenues are recognized at the time services are provided to patients. Revenue is recorded in the amount which the Health System expects to collect, which may include variable components. Variable consideration is included in the transaction price to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Adjustments from finalization of prior years' cost reports and other third-party settlement estimates resulted in an increase in net patient service revenues of $20 and $26 for the years ended December 31, 2020 and 2019, respectively.

Various states in which the Health System operates have instituted a provider tax on certain patient service revenues at qualifying hospitals to increase funding from other sources and obtain additional Federal funds to support increased payments to providers of Medicaid services. The taxes are included in purchased services, professional fees, and other expenses in the accompanying combined statements of operations and were $753 and $597 for the years ended December 31, 2020 and 2019, respectively. These programs resulted in enhanced payments from these states in the way of lump-sum payments and per claim increases. These enhanced payments are included in net patient service revenues in the accompanying combined statements of operations and were $1,082 and $942 for the years ended December 31, 2020 and 2019, respectively.

(b) Premium and Capitation Revenues

Premium and capitation revenues are received on a prepaid basis and are recognized as revenue ratably over the period for which the enrolled member is entitled to healthcare services. The timing of the Health System's performance may differ from the timing of the payment received, which may result in the recognition of a contract asset or a contract liability. The balance of contract liabilities was $30 and $24 as of December 31, 2020 and 2019, respectively and is included in other current liabilities in the combined balance sheets. The Health System has no material contract assets.

(c) Disaggregation of Revenue

The Health System earns the majority of its revenues from contracts with customers. Revenues and adjustments not related to contracts with customers are included in other revenue.

(In millions of dollars)

Operating revenues from contracts with customers by state are as follows for the years ended December 31:

	2020	2019
Alaska	$ 830	877
Washington	6,543	7,036
Montana	427	450
Oregon	5,137	5,207
California	9,151	9,083
Texas	1,032	1,120
Total revenues from contracts with customers	23,120	23,773
Other revenues	2,555	1,252
Total operating revenues	$ 25,675	25,025

Operating revenues from contracts with customers by line of business are as follows for the years ended December 31:

	2020	2019
Hospitals	$ 16,145	16,805
Health plans and accountable care	2,739	2,553
Physician and outpatient activities	2,728	2,865
Long-term care, home care, and hospice	1,268	1,198
Other	240	352
Total revenues from contracts with customers	23,120	23,773
Other revenues	2,555	1,252
Total operating revenues	$ 25,675	25,025

(Continued)

(In millions of dollars)

Operating revenues from contracts with customers by payor are as follows for the years ended December 31:

		2020	2019
Commercial	$	11,331	11,918
Medicare		8,021	8,017
Medicaid		3,517	3,441
Self-pay and other		251	397
Total revenues from contracts with customers		23,120	23,773
Other revenues		2,555	1,252
Total operating revenues	$	25,675	25,025

(4) Fair Value Measurements

ASC Topic 820, *Fair Value Measurements*, requires a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs include quoted prices (unadjusted) in active markets for identical assets or liabilities that the Health System has the ability to access at the measurement date.
- Level 2 inputs include inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest-level input that is significant to the fair value measurement in its entirety.

(a) Assets Whose Use Is Limited

The fair value of assets whose use is limited, other than those investments measured using net asset value per share (NAV) as a practical expedient for fair value, is estimated using quoted market prices or other observable inputs when quoted market prices are unavailable.

(In millions of dollars)

The composition of assets whose use is limited is set forth in the following tables:

	December 31, 2020	Fair value measurements at reporting date using Level 1	Level 2	Level 3
Management-designated cash and investments:				
Cash and cash equivalents	$ 940	940	—	—
Equity securities:				
Domestic	1,274	1,274	—	—
Foreign	491	491	—	—
Mutual funds	1,645	1,645	—	—
Domestic debt securities:				
State and federal government	1,613	1,104	509	—
Corporate	1,159	—	1,159	—
Other	851	—	851	—
Foreign debt securities	466	—	466	—
Commingled funds	132	132	—	—
Other	7	4	3	—
Investments measured using NAV	3,455			
Total management-designated cash and investments	12,033			
Gift annuities, trusts, and other	264	53	12	199
Funds held by trustee:				
Cash and cash equivalents	178	178	—	—
Domestic debt securities	232	86	146	—
Foreign debt securities	27	—	27	—
Total funds held by trustee	437			
Total assets whose use is limited	$ 12,734			

(Continued)

(In millions of dollars)

	December 31, 2019	Fair value measurements at reporting date using Level 1	Level 2	Level 3
Management-designated cash and investments:				
Cash and cash equivalents	$ 295	295	—	—
Equity securities:				
Domestic	1,193	1,193	—	—
Foreign	398	398	—	—
Mutual funds	1,421	1,421	—	—
Domestic debt securities:				
State and federal government	1,914	1,077	837	—
Corporate	867	—	867	—
Other	759	—	759	—
Foreign debt securities	344	—	344	—
Commingled funds	102	102	—	—
Other	33	2	31	—
Investments measured using NAV	3,628			
Total management-designated cash and investments	10,954			
Gift annuities, trusts, and other	207	53	11	143
Funds held by trustee:				
Cash and cash equivalents	156	156	—	—
Domestic debt securities	210	106	104	—
Foreign debt securities	30	—	30	—
Total funds held by trustee	396			
Total assets whose use is limited	$ 11,557			

The Health System participates in various funds that are not actively marketed on an open exchange. These investments consist of shares or units in investment funds as opposed to direct interests in the funds' underlying holdings, which may be marketable. Due to the nature of these funds, the NAV per share, or its equivalent, reported by each fund manager is used as a practical expedient to estimate the fair value of the Health System's interest therein. Management believes that the carrying amounts of these financial instruments, provided by the fund managers, are reasonable estimates of fair value.

(Continued)

(In millions of dollars)

The following table presents information, including unfunded commitments for investments where the NAV was used to estimate the value of the investments as of December 31:

	Fair value		Unfunded commitments	Redemption frequency	Redemption notice period
	2020	2019			
Hedge funds:					
Long/short equity	$ 598	743	—	Monthly, quarterly, semi-annually, or annually	30–120 days
Credit	272	364	—	Quarterly or annually	45–150 days
Relative value	178	201	—	Quarterly	60–90 days
Global macros	112	169	—	Monthly or quarterly	2–90 days
Fund of hedge funds	18	9	—	Quarterly	90 days
Private equity	797	579	667	Not applicable	Not applicable
Private real estate	250	185	222	Not applicable	Not applicable
Real assets	113	136	69	Monthly or quarterly	10–60 days
Commingled	1,117	1,242	—	Monthly, quarterly, or semi-annually	6–90 days
Total	$ 3,455	3,628	958		

The following is a summary of the nature of these investments and their associated risks:

Hedge funds are portfolios of investments that use advanced investment strategies, such as long/short equity, credit, relative value, global macro, and fund of hedge funds positions in both domestic and international markets, with the goal of diversifying portfolio risk and generating return. The Health System's investments in hedge funds include certain funds with provisions that limit the Health System's ability to access assets invested. These provisions include lockup terms that range up to three years from the subscription date or are continuous and determined as a percent of total assets invested. The Health System is in various stages of the lockup periods dependent on hedge fund and period of initial investments.

Private equity and private real estate funds make opportunistic investments that are primarily private in nature. These investments cannot be redeemed by the Health System; rather the Health System has committed an amount to invest in the private funds over the respective commitment periods. After the commitment period has ended, the nature of the investments in this category is that the distributions are received through the liquidation of the underlying assets.

Real asset strategies invest in securities backed by tangible real assets, with the objective of achieving attractive diversified total returns over the long term, while maximizing the potential for real returns in periods of rising inflation. Real asset investments should provide a return in excess of inflation, and their performance should be sensitive to changes in inflation or expectations for future levels of inflation. The real asset category is made up of many different underlying sectors inclusive of agriculture, commodities, gold, infrastructure, private energy, MLPs (Master Limited Partnerships), real estate, REITs (Real Estate Investment Trusts), timberland, and TIPS (Treasury Inflation Protected Securities). Each of these sectors tends to have a high degree of sensitivity to inflation and be less correlated with traditional equities and fixed income.

(In millions of dollars)

Commingled describes a type of fund structure. Commingled funds consist of assets from several accounts that are blended together. Investors in commingled fund investments benefit from economies of scale, which allow for lower trading costs per dollar of investment.

(b) Unsettled Transactions

Investment sales and purchases initiated prior to and settled subsequent to the combined balance sheet date result in amounts due from and to brokers. As of December 31, 2020, the Health System recorded a receivable of $35 for investments sold but not settled and a payable of $68 for investments purchased but not settled in other current assets and other current liabilities, respectively, in the accompanying combined balance sheets. As of December 31, 2019, the Health System recorded a receivable of $300 for investments sold but not settled and a payable of $558 for investments purchased but not settled in other current assets and other current liabilities, respectively, in the accompanying combined balance sheets.

(c) Derivative Instruments

The investment managers have executed master netting arrangements with the counterparties of the futures and forward currency purchase and sale contracts whereby the financial instruments held by the same counterparty are legally offset as the instruments are settled. The following table presents gross investment derivative assets and liabilities reported on a net basis at fair value included in assets whose use is limited in the combined balance sheets as of December 31:

		2020	2019
Derivative assets:			
Futures contracts	$	762	681
Foreign currency forwards and other contracts		180	135
Total derivative assets	$	942	816
Derivative liabilities:			
Futures contracts	$	(762)	(681)
Foreign currency forwards and other contracts		(179)	(140)
Total derivative liabilities	$	(941)	(821)

The Health System also uses short-term forward purchase and sale commitments of mortgage-backed assets. The total notional derivative amount of mortgage contracts purchased and sold was $843 and $386, respectively, as of December 31, 2020. These meet the definition of a derivative instrument in cases where physical delivery of the assets is not taken at the earliest available delivery date.

(In millions of dollars)

(d) Investment Income, Net

		2020	2019
Interest and dividend income	$	133	146
Net realized gains on sale of trading securities		281	161
Change in net unrealized gains on trading securities		692	978
Investment income, net	$	1,106	1,285

(e) Assets Measured Using Significant Unobservable Inputs

Level 3 assets include charitable remainder trusts, real property, and equity investments in healthcare technology start-ups through the Health System's innovation venture capital fund. Fair values of real property were estimated using a market approach. Fair values of charitable remainder trusts were estimated using an income approach. Fair value of equity investments in healthcare technology start-ups were estimated using a combination of income and market approach.

The Health System had Level 3 purchases of $56 and $36 in 2020 and 2019, respectively. The Health System had Level 3 sales of $56 and $15 in 2020 and 2019, respectively. There were no transfers in or out of Level 3 in 2020 or 2019.

(5) Property, Plant, and Equipment, Net

Property, plant, and equipment are stated at cost. Improvements and replacements of plant and equipment are capitalized, and maintenance and repairs are expensed. The provision for depreciation is determined by the straight-line method, which allocates the cost of tangible property equally over its estimated useful life or lease term. Impairment of property, plant, and equipment is assessed when there is evidence that events or changes in circumstances have made recovery of the net carrying value of assets unlikely.

Interest capitalized on amounts expended during construction is a component of the cost of additions to be allocated to future periods through the provision for depreciation. Capitalization of interest ceases when the addition is substantially complete and ready for its intended use.

(In millions of dollars)

Property, plant, and equipment and the total accumulated depreciation are as follows as of December 31:

	Approximate useful life (years)	2020	2019
Land	—	$ 1,515	1,476
Buildings and improvements	5–60	10,914	10,229
Equipment:			
Fixed	5–25	1,364	1,305
Major movable and minor	3–20	6,673	6,249
Construction in progress	—	1,380	1,497
		21,846	20,756
Less accumulated depreciation		(10,813)	(9,778)
Property, plant, and equipment, net		$ 11,033	10,978

Construction in progress primarily represents renewal and replacement of various facilities in the Health System's operating divisions, as well as costs capitalized for software development.

(6) Other Assets

Other assets are summarized as follows as of December 31:

	2020	2019
Investment in nonconsolidated joint ventures	$ 341	330
Intangible assets	289	258
Goodwill	417	307
Beneficial interest in noncontrolled foundations	277	228
Other	908	422
Total other assets	$ 2,232	1,545

Goodwill is recorded as the excess of cost over fair value of the acquired net assets. Indefinite-lived intangible assets are recorded at fair value using various methods depending on the nature of the intangible asset. Both goodwill and indefinite-lived intangible assets are tested annually for impairment. Definite-lived intangible assets are amortized using the straight-line method over the estimated useful lives of the assets.

The Health System recorded no goodwill impairment for the years ended December 31, 2020 and 2019.

(Continued)

(In millions of dollars)

(7) Leases

The Health System enters into operating and finance leases primarily for buildings and equipment. For leases with terms greater than 12 months, the Health System records the related ROU asset and liability at the present value of the lease payments over the contract term using the Health System's incremental borrowing rate. Building lease agreements generally require the Health System to pay maintenance, repairs, and property taxes, which are variable based on actual costs incurred during each applicable period. Such costs are not included in the determination of the ROU asset or lease liability. Variable lease costs also include escalating rent payments that are not fixed at lease commencement but are based on an index that is determined in future periods over the lease term based on changes in the Consumer Price Index or other measure of cost inflation. Most leases include one or more options to renew the lease at the initial term, with renewal terms that generally extend the lease at the then market rate of rental payment. Certain lease also include an option to buy the underlying asset at or a short time prior to the termination of the lease. All such options are at the Health System's discretion and are evaluated at the lease commencement, with only those that are reasonably certain of exercise included in determining the appropriate lease term.

The components of lease cost are as follows for the year ended December 31:

		2020	2019
Operating lease cost:			
Fixed lease expense	$	282	293
Short-term lease expense		11	39
Variable lease expense		147	95
Total operating lease cost	$	440	427
Finance lease cost:			
Amortization of ROU assets	$	30	23
Interest on finance lease liabilities		22	21
	$	52	44

(Continued)

(In millions of dollars)

Supplemental cash flow and other information related to leases as of and for the year ended December 31 are as follows:

	2020	2019
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 282	280
Operating cash flows from finance leases	23	19
Financing cash flows from finance leases	23	14
Additions to ROU assets obtained from operating leases	189	110
Additions to ROU assets obtained from finance leases	222	7
Weighted-average remaining lease term (in years):		
Operating leases	10	9
Finance leases	18	15
Weighted-average discount rate:		
Operating leases	3.6 %	3.6 %
Finance leases	6.0 %	7.5 %

Commitments related to noncancellable operating and finance leases for each of the next five years and thereafter as of December 31, 2020 are as follows:

	Operating	Finance
2021	$ 265	38
2022	243	53
2023	225	48
2024	165	44
2025	142	44
Thereafter	622	555
	1,662	782
Less: Imputed interest	255	312
Total lease liabilities	1,407	470
Less: Current portion	262	38
Long-term portion	$ 1,145	432

(Continued)

(In millions of dollars)

Lease assets and lease liabilities as of December 31 were as follows:

	Classification		2020	2019
Assets:				
Operating	Operating leases ROU assets	$	1,219	1,240
Finance	Property, plant, and equipment, net		436	222
Liabilities:				
Current:				
Operating	Current portion of operating lease ROU liabilities		262	267
Finance	Current portion of long-term debt		38	31
Long-term:				
Operating	Long-term operating lease ROU liabilities, net of current portion		1,145	1,167
Finance	Long-term debt, net of current portion		432	211

(8) Debt

(a) Short-Term and Long-Term Debt

The Health System has borrowed master trust debt issued through the following:

- California Health Facilities Financing Authority (CHFFA)
- Alaska Industrial Development and Export Authority (AIDEA)
- Washington Health Care Facilities Authority (WHCFA)
- Montana Facility Finance Authority (MFFA)
- Lubbock Health Facilities Development Corp (LHFDC)
- Oregon Facilities Authority (OFA)

(Continued)

(In millions of dollars)

Short-term and long-term unpaid principal consists of the following at December 31:

	Maturing through	Coupon rates	Unpaid principal 2020	Unpaid principal 2019
Master trust debt:				
Fixed rate:				
Series 2005, Direct Obligation Notes	2030	5.30–5.39%	$ 33	36
Series 2008B, LHFDC Revenue Bonds	2023	4.00–5.00	5	15
Series 2009C, CHFFA Revenue Bonds	2034	5.00	91	91
Series 2009D, CHFFA Revenue Bonds	2034	1.70	40	40
Series 2011A, AIDEA Revenue Bonds	2041	5.00–5.50	123	123
Series 2011B, WHCFA Revenue Bonds	2021	3.50–5.00	11	22
Series 2011C, OFA Revenue Bonds	2026	3.50–5.00	8	11
Series 2012A, WHCFA Revenue Bonds	2042	3.00–5.00	452	462
Series 2012B, WHCFA Revenue Bonds	2042	4.00–5.00	100	100
Series 2013A, OFA Revenue Bonds	2024	5.00	33	41
Series 2013A, CHFFA Revenue Bonds	2037	4.00–5.00	325	325
Series 2013D, Direct Obligation Notes	2023	4.38	252	252
Series 2013D, CHFFA Revenue Bonds	2043	5.00	—	110
Series 2014A, CHFFA Revenue Bonds	2038	4.00–5.00	180	191
Series 2014B, CHFFA Revenue Bonds	2044	4.25–5.00	119	119
Series 2014C, WHCFA Revenue Bonds	2044	4.00–5.00	92	92
Series 2014D, WHCFA Revenue Bonds	2041	5.00	177	177
Series 2015A, WHCFA Revenue Bonds	2045	4.00	78	78
Series 2015C, OFA Revenue Bonds	2045	4.00–5.00	71	71
Series 2016A, CHFFA Revenue Bonds	2047	2.50–5.00	448	448
Series 2016B, CHFFA Revenue Bonds	2036	1.25–4.00	190	286
Series 2016H, Direct Obligation Bonds	2036	2.75	300	300
Series 2016I, Direct Obligation Bonds	2047	3.74	400	400
Series 2018A, Direct Obligation Bonds	2048	4.00	350	350
Series 2018B, WHCFA Revenue Bonds	2033	5.00	142	142
Series 2019A, Direct Obligation Bonds	2029	2.53	650	650
Series 2019B, CHFFA Revenue Bonds	2039	5.00	118	118
Series 2019C, CHFFA Revenue Bonds	2039	5.00	323	323
Total fixed rate			5,111	5,373

(Continued)

(In millions of dollars)

Variable rate:	Maturing through	Effective interest rate (1) 2020	Effective interest rate (1) 2019	Unpaid principal 2020	Unpaid principal 2019
Series 2012C, WHCFA Revenue Bonds	2042	0.58 %	1.46 %	$ 80	80
Series 2012D, WHCFA Revenue Bonds	2042	0.58	1.46	80	80
Series 2012E, Direct Obligation Notes	2042	0.85	2.28	221	224
Series 2016C, LHFDC Revenue Bonds	2030	0.92	2.09	31	33
Series 2016D, WHCFA Revenue Bonds	2036	1.01	2.11	86	89
Series 2016E, WHCFA Revenue Bonds	2036	0.94	2.03	86	89
Series 2016F, MFFA Revenue Bonds	2026	0.92	2.04	32	37
Series 2016G, Direct Obligation Notes	2047	0.73	2.24	100	100
Total variable rate				716	732
Wells Fargo Credit Facility	2021	2.92	2.92	205	—
Wells Fargo Credit Facility	2021	1.52	—	250	—
Unpaid principal, master trust debt				6,282	6,105
Premiums, discounts, and unamortized financing costs, net				202	231
Master trust debt, including premiums and discounts, net				6,484	6,336
Other long-term debt				638	347
Total debt				$ 7,122	6,683

(1) Variable rate debt and credit facilities carry floating interest rates attached to indexes, which are subject to change based on market conditions.

During 2019, the Health System issued $1,091 of Series 2019A, 2019B, and 2019C revenue bonds and direct obligations notes. The intended uses of funds included refinancing legacy SJHS and PHS master trust debt and repayment of outstanding lines of credit. In connection with the Series 2019A-C issuance, the Health System recorded losses due to extinguishment of debt for the amount $14 during the year ended December 31, 2019. The losses were recorded in net nonoperating gains (losses) in the accompanying combined statements of operations.

Short-term master trust debt includes debt issued with final maturity or mandatory redemption within one year of December 31, 2020 and 2019. In March 2020, the Health System placed a $250 short-term bridge loan from Wells Fargo Bank, NA with a final maturity of March 2021 and in October 2020 drew $205 from its syndicated revolver, administered by Wells Fargo Bank, with an agreement maturity of September 2021. The Health System also has $377 of debt with remarketing provisions supported by syndicated credit facilities, administered by US Bank, NA which mature in July 2021 and a mandatory redemption of $100 occurring in October 2021. The Health System intends to extend or renew the syndicated revolver arrangement.

(In millions of dollars)

The following table reflects classification of long-term debt obligations in the accompanying combined balance sheets as of December 31:

		2020	2019
Current portion of long-term debt	$	127	85
Master trust debt classified as short-term		934	205
Long-term debt, classified as a long-term liability		6,061	6,393
Total debt	$	7,122	6,683

(b) Other Long-Term Debt

Other long-term debt consists of the following as of December 31:

		2020	2019
Finance leases	$	470	242
Notes payable		164	100
Bonds not under master trust indenture and other		4	5
Total other long-term debt	$	638	347

(c) Debt Service

Scheduled principal payments of long-term debt, considering all obligations under the master trust indenture as due according to their long-term amortization schedule, for the next five years and thereafter are as follows:

		Master trust	Other	Total
2021	$	1,012	49	1,061
2022		183	44	227
2023		335	44	379
2024		184	41	225
2025		500	24	524
Thereafter		4,068	436	4,504
Scheduled principal payments of long-term debt	$	6,282	638	6,920

(Continued)

(In millions of dollars)

(d) Derivative Instruments

The Health System uses interest rate swap agreements to manage interest rate risk associated with its outstanding debt. As of December 31, 2020 and 2019, the Health System had interest rate swap contracts with a total current notional amount totaling $418 and $436, respectively, with varying expiration dates. The interest rate swap agreements do not meet the criteria for hedge accounting and all changes in the valuation are recognized as a component of net nonoperating gains (losses) in the accompanying combined statements of operations. Settlements related to these agreements are classified as a component of interest, depreciation, and amortization expense in the accompanying combined statements of operations. For the years ended December 31, 2020 and 2019, the change in valuation was a loss of $25 and $33, respectively, and settlements recognized as a component of interest expense were $12 and $8, respectively.

Derivative financial instruments are recorded at fair value taking into consideration the Health System's and the counterparties' nonperformance risk. The fair value of the interest rate swaps is based on independent valuations obtained and are determined by calculating the value of the discounted cash flows of the differences between the fixed interest rate of the interest rate swaps and the counterparty's forward London Interbank Offered Rate curve, which is the input used in the valuation, taking also into account any nonperformance risk. Collateral posted for the interest rate swaps consist of cash and U.S. government securities, which are both categorized as Level 1 financial instruments.

As of December 31, 2020 and 2019, the fair value of outstanding interest rate swaps was in a net liability position of $142 and $117, respectively, and is included in other liabilities in the accompanying combined balance sheets. Collateral posted in connection with the outstanding swap agreements as of December 31, 2020 and 2019 was $40 and $15, respectively. These amounts were included in other assets in the accompanying combined balance sheets.

The following tables present the fair value of swaps:

	December 31, 2020	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
Liabilities under interest rate swaps	$ 142	—	142	—

	December 31, 2019	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
Liabilities under interest rate swaps	$ 117	—	117	—

(Continued)

(In millions of dollars)

(9) Retirement Plans

(a) Defined Benefit Plans

The Health System sponsors various frozen defined benefit retirement plans. The measurement dates for the defined benefit plans are December 31. A rollforward of the change in projected benefit obligation and change in the fair value of plan assets for the defined benefit plans is as follows:

		2020	2019
Change in projected benefit obligation:			
Projected benefit obligation at beginning of year	$	2,794	2,535
Service cost		16	23
Interest cost		95	113
Actuarial loss		311	292
Benefits paid and other		(179)	(169)
Projected benefit obligation at end of year		3,037	2,794
Change in fair value of plan assets:			
Fair value of plan assets at beginning of year		1,699	1,469
Actual return on plan assets		200	299
Employer contributions		113	100
Benefits paid and other		(179)	(169)
Fair value of plan assets at end of year		1,833	1,699
Funded status		(1,204)	(1,095)
Unrecognized net actuarial loss		720	572
Net amount recognized	$	(484)	(523)
Amounts recognized in the combined balance sheets consist of:			
Current liabilities	$	(1)	(1)
Noncurrent liabilities		(1,203)	(1,094)
Unrestricted net assets		720	572
Net amount recognized	$	(484)	(523)
Weighted average assumptions:			
Discount rate		2.70 %	3.50 %
Rate of increase in compensation levels		3.00	3.50
Long-term rate of return on assets		6.25	6.50

(Continued)

(In millions of dollars)

Net periodic pension cost for the defined benefit plans includes the following components:

		2020	2019
Components of net periodic pension cost:			
Service cost	$	16	23
Interest cost		95	113
Expected return on plan assets		(98)	(96)
Amortization of prior service cost		—	1
Recognized net actuarial loss		38	24
Net periodic pension cost	$	51	65
Special recognition – settlement expense	$	22	19

Certain plans sponsored by the Health System allow participants to receive their benefit through a lump-sum distribution upon election. When lump-sum distributions exceed the combined total of service cost and interest cost during a reporting period settlement expense is recognized. Settlement expense represents the proportional recognition of unrecognized actuarial loss and prior service cost. Settlement expense for the years ended December 31, 2020 and 2019 is included in net nonoperating gains (losses) in the accompanying combined statements of operations.

The accumulated benefit obligation was $2,983 and $2,739 at December 31, 2020 and 2019, respectively.

The following pension benefit payments reflect expected future service. Payments expected to be paid over the next 10 years are as follows:

2021	$	193
2022		190
2023		187
2024		185
2025–2030		1,041
	$	1,796

The Health System expects to contribute approximately $110 to the defined benefit plans in 2021.

The expected long-term rate of return on plan assets is the expected average rate of return on the funds invested currently and on funds to be invested in the future in order to provide for the benefits included in the projected benefit obligation. The Health System used 6.25% and 6.50% in calculating the 2020 and 2019 expense amounts, respectively. This assumption is based on capital market assumptions and the plan's target asset allocation.

(In millions of dollars)

The Health System continues to monitor the expected long-term rate of return. If changes in those parameters cause 6.25% to be outside of a reasonable range of expected returns, or if actual plan returns over an extended period of time, suggest that general market assumptions are not representative of expected plan results, the Health System may revise this estimate prospectively.

The target asset allocation and expected long-term rate of return on assets (ELTRA) were as follows at December 31:

	2020 Target	2020 ELTRA	2019 Target	2019 ELTRA
Cash and cash equivalents	2 %	2.0 %	2 %	3%
Equity securities	45	8%–9%	45	7%–9%
Debt securities	33	2%–3%	33	3%–4%
Other securities	20	5%–9%	20	5%–11%
Total	100 %	6.25 %	100 %	6.50 %

The following table presents the Health System's defined benefit plan assets measured at fair value:

	December 31, 2020	Fair value measurements at reporting date using Level 1	Level 2	Level 3
Assets:				
Cash and cash equivalents	$ 76	76	—	—
Equity securities:				
Domestic	348	348	—	—
Foreign	134	134	—	—
Mutual funds	215	215	—	—
Domestic debt securities:				
State and government	409	362	47	—
Corporate	158	—	158	—
Other	18	—	18	—
Foreign debt securities	48	—	48	—
Commingled funds	143	143	—	—
Investments measured using NAV	492			
Transactions pending settlement, net	(208)			
Total	$ 1,833			

(Continued)

(In millions of dollars)

The following table presents the Health System's defined benefit plan assets measured at fair value:

	December 31, 2019	Fair value measurements at reporting date using Level 1	Level 2	Level 3
Assets:				
Cash and cash equivalents	$ 73	73	—	—
Equity securities:				
Domestic	293	293	—	—
Foreign	77	77	—	—
Mutual funds	128	128	—	—
Domestic debt securities:				
State and government	400	310	90	—
Corporate	129	—	129	—
Other	15	—	15	—
Foreign debt securities	49	—	49	—
Commingled funds	144	144	—	—
Investments measured using NAV	582			
Transactions pending settlement, net	(191)			
Total	$ 1,699			

The Health System's defined benefit plans participate in various funds that are not actively marketed on an open exchange. These investments consist of shares or units in investment funds as opposed to direct interests in the funds' underlying holdings, which may be marketable. Due to the nature of these funds the NAV per share, or its equivalent, reported by each fund manager is used as a practical expedient to estimate the fair value of the Health System's interest therein. Management believes that the carrying amounts of these financial instruments provided by the fund managers are reasonable estimates of fair value.

(Continued)

(In millions of dollars)

The following table presents information for investments where either the NAV per share or its equivalent was used to value the investments as of December 31:

	Fair value		Redemption frequency	Redemption notice period
	2020	2019		
Hedge funds:				
Long/short equity	$ 55	54	Monthly or quarterly	30–65 days
Credit and other	61	64	Monthly or quarterly	90 days
Real assets	1	61	Monthly	30 days
Risk parity	140	135	Monthly	5–15 days
Commingled	235	268	Monthly	6–30 days
Total	$ 492	582		

The Health System's defined benefit plans also allow certain investment managers to use derivative financial instruments (futures and forward currency contracts) to manage interest rate risk related to the plans' fixed-income holdings. The investment managers have executed master netting arrangements with the counterparties of the futures and forward currency purchase and sale contracts whereby the financial instruments held by the same counterparty are legally offset as the instruments are settled. The following table presents gross investment derivative assets and liabilities reported on a net basis at fair value included in the plans' assets as of December 31:

	2020	2019
Derivative assets:		
Futures contracts	$ 160	128
Foreign currency forwards and other contracts	3	2
Total derivative assets	$ 163	130
Derivative liabilities:		
Futures contracts	$ (160)	(128)
Foreign currency forwards and other contracts	(2)	(3)
Total derivative liabilities	$ (162)	(131)

(b) Defined Contribution Plans

The Health System sponsors various defined contribution retirement plans that cover substantially all employees. The plans provide for employer matching contributions in an amount equal to a percentage of employee pretax contributions, up to a maximum amount. In addition, the Health System makes contributions to eligible employees based on years of service. Retirement expense related to these plans was $545 and $500 in 2020 and 2019, respectively, and is reflected in salaries and benefit expense in the accompanying combined statements of operations.

(Continued)

(10) Self-Insurance Liabilities

The Health System has established self-insurance programs for professional and general liability and workers' compensation insurance coverage. These programs provide insurance coverage for healthcare institutions associated with the Health System. The Health System also operates insurance captives, Providence Assurance, Inc. and American Unity Group, Ltd., to self-insure or reinsure certain layers of professional and general liability risk.

The Health System accrues estimated self-insured professional and general liability and workers' compensation insurance claims based on management's estimate of the ultimate costs for both reported claims and actuarially determined estimates of claims incurred but not reported. Insurance coverage in excess of the per occurrence self-insured retention has been secured with insurers or reinsurers for specified amounts for professional, general, and workers' compensation liabilities. Decisions relating to the limit and scope of the self-insured layer and the amounts of excess insurance purchased are reviewed each year, subject to management's analysis of actuarial loss projections and the price and availability of acceptable commercial insurance.

At December 31, 2020 and 2019, the estimated liability for future costs of professional and general liability claims was $507 and $455, respectively. At December 31, 2020 and 2019, the estimated workers' compensation obligation was $399 and $367, respectively. Both are recorded in other current liabilities and other liabilities in the accompanying combined balance sheets.

(11) Commitments and Contingencies

(a) Commitments

Firm purchase commitments at December 31, 2020, primarily related to construction and equipment and software acquisition, are approximately $417.

(b) Litigation

The healthcare industry is subject to numerous laws and regulations from federal, state, and local governments. Compliance with these laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time. Government monitoring and enforcement activity continues with respect to investigations and allegations concerning possible violations by healthcare providers of regulations, which could result in the imposition of significant fines and penalties, as well as significant repayments of patient services previously billed. Institutions within the Health System are subject to similar regulatory reviews.

Management is aware of certain asserted and unasserted legal claims and regulatory matters arising in the normal course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the Health System's combined financial statements.

(In millions of dollars)

(12) Functional Expenses

Operating expenses classified by their natural classification on the combined statements of operations are presented by their functional classifications as follows for the years ended December 31:

	2020								
	Program Activities					Supporting Activities			
	Hospitals	Health plans and accountable care	Physician and outpatient	Long-term care, home care, and hospice	Total programs	General and administrative	Other	Total supporting	Total operating expenses
Salaries and benefits	$ 7,049	141	2,458	687	10,335	2,042	269	2,311	12,646
Supplies	3,055	2	282	172	3,511	—	310	310	3,821
Purchased healthcare services	204	1,490	163	132	1,989	—	—	—	1,989
Interest, depreciation, and amortization	788	8	76	20	892	464	19	483	1,375
Purchased services, professional fees and other	3,122	261	1,212	134	4,729	1,268	153	1,421	6,150
Total operating expenses	$ 14,218	1,902	4,191	1,145	21,456	3,774	751	4,525	25,981

	2019								
	Program Activities					Supporting Activities			
	Hospitals	Health plans and accountable care	Physician and outpatient	Long-term care, home care, and hospice	Total programs	General and administrative	Other	Total supporting	Total operating expenses
Salaries and benefits	$ 6,932	125	2,364	695	10,116	1,924	132	2,056	12,172
Supplies	2,992	2	302	138	3,434	—	264	264	3,698
Purchased healthcare services	219	1,501	219	110	2,049	—	—	—	2,049
Interest, depreciation, and amortization	803	8	79	21	911	427	7	434	1,345
Purchased services, professional fees and other	2,784	200	1,148	152	4,284	980	124	1,104	5,388
Restructuring costs	—	—	—	—	—	159	—	159	159
Total operating expenses	$ 13,730	1,836	4,112	1,116	20,794	3,490	527	4,017	24,811

Supporting activities include costs that are not controllable by operational leadership. Health System leadership drives these costs, which benefit the entire Health System. Costs that are controllable by operational leadership are allocated to the respective program activities.

PROVIDENCE ST. JOSEPH HEALTH

Supplemental Schedule – Obligated Group Combining Balance Sheets Information

December 31, 2020 and 2019

(In millions of dollars)

	2020			2019		
Assets	**Obligated Group**	**Nonobligated, Eliminations, Other**	**Total Combined**	**Obligated Group**	**Nonobligated, Eliminations, Other**	**Total Combined**
Current assets:						
Cash and cash equivalents	$ 2,281	949	3,230	633	683	1,316
Accounts receivable	2,184	181	2,365	2,255	145	2,400
Supplies inventory	344	17	361	272	11	283
Other current assets	1,284	196	1,480	1,169	64	1,233
Current portion of assets whose use is limited	885	343	1,228	341	361	702
Total current assets	6,978	1,686	8,664	4,670	1,264	5,934
Assets whose use is limited	8,308	3,198	11,506	8,184	2,671	10,855
Property, plant, and equipment, net	9,866	1,167	11,033	10,436	542	10,978
Operating lease right-of-use assets	928	291	1,219	970	270	1,240
Other assets	2,760	(528)	2,232	2,207	(662)	1,545
Total assets	$ 28,840	5,814	34,654	26,467	4,085	30,552
Liabilities and Net Assets						
Current liabilities:						
Current portion of long-term debt	$ 110	17	127	81	4	85
Master trust debt classified as short-term	934	—	934	205	—	205
Accounts payable	978	177	1,155	909	126	1,035
Accrued compensation	1,322	131	1,453	1,057	88	1,145
Current portion of operating lease right-of-use liabilities	211	51	262	219	48	267
Other current liabilities	1,896	862	2,758	1,562	599	2,161
Total current liabilities	5,451	1,238	6,689	4,033	865	4,898
Long-term debt, net of current portion	5,699	362	6,061	6,281	112	6,393
Pension benefit obligation	1,203	—	1,203	1,094	—	1,094
Long-term operating lease right-of-use liabilities, net of current portion	858	287	1,145	898	269	1,167
Other liabilities	1,881	959	2,840	325	800	1,125
Total liabilities	15,092	2,846	17,938	12,631	2,046	14,677
Net assets:						
Net assets without donor restrictions	12,741	2,425	15,166	12,911	1,583	14,494
Net assets with donor restrictions	1,007	543	1,550	925	456	1,381
Total net assets	13,748	2,968	16,716	13,836	2,039	15,875
Total liabilities and net assets	$ 28,840	5,814	34,654	26,467	4,085	30,552

See accompanying independent auditors' report

PROVIDENCE ST. JOSEPH HEALTH

Supplemental Schedule – Obligated Group Combining Statements of Operations Information

Years ended December 31, 2020 and 2019

(In millions of dollars)

	2020			2019		
	Obligated Group	Nonobligated, Eliminations, Other	Total Combined	Obligated Group	Nonobligated, Eliminations, Other	Total Combined
Operating revenues:						
Net patient service revenues	$ 17,762	1,202	18,964	18,942	941	19,883
Other revenues	3,127	3,584	6,711	2,033	3,109	5,142
Total operating revenues	20,889	4,786	25,675	20,975	4,050	25,025
Operating expenses:						
Salaries and benefits	11,001	1,645	12,646	10,868	1,304	12,172
Supplies	3,516	305	3,821	3,422	276	3,698
Interest, depreciation, and amortization	1,258	117	1,375	1,253	92	1,345
Purchased healthcare and other services, professional fees, and other	4,851	3,288	8,139	4,441	2,996	7,437
Total operating expenses before restructuring costs	20,626	5,355	25,981	19,984	4,668	24,652
(Deficit) excess of revenue over expenses from operations before restructuring costs	263	(569)	(306)	991	(618)	373
Restructuring costs	—	—	—	159	—	159
(Deficit) excess of revenues over expenses from operations	263	(569)	(306)	832	(618)	214
Net nonoperating gains (losses):						
Loss on extinguishment of debt	—	—	—	(14)	—	(14)
Investment income, net	871	235	1,106	1,054	231	1,285
Other	6	(66)	(60)	(67)	(60)	(127)
Total net nonoperating gains	877	169	1,046	973	171	1,144
Excess (deficit) of revenues over expenses	$ 1,140	(400)	740	1,805	(447)	1,358

See accompanying independent auditors' report.

Exhibit 2 to Section 999.5(d)(11)(F)

Providence

CONTINUING DISCLOSURE ANNUAL REPORT

Information Concerning

PROVIDENCE ST. JOSEPH HEALTH
AND THE OBLIGATED GROUP

The Continuing Disclosure Annual Report (the Annual Report) is intended solely to provide certain limited financial and operating data in accordance with undertakings of the Providence and the Members of the Obligated Group under Rule 15c2-12 (the Undertaking) and does not constitute a reissuance of any Official Statement relating to the bonds referenced above or a supplement or amendment to such Official Statement.

The Annual Report contains certain financial and operating data for the fiscal year ended December 31, 2019. Providence has undertaken no responsibility to update such data since December 31, 2019, except as set forth herein. This Annual Report may be affected by actions taken or omitted or events occurring after the date hereof. Providence has not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur. Providence disclaims any obligation to update this Annual Report, or to file any reports or other information with repositories, or any other person except as specifically required by the Undertaking.

TABLE OF CONTENTS

About Providence

Our Organization

Providence is a national, not-for-profit Catholic health system comprised of a diverse family of organizations driven by a belief that health is a human right. With 51 hospitals, more than 1,000 clinics, and many other health and educational services, our health system and partners employ nearly 123,000 caregivers serving more than five million patients in communities across seven Western states – Alaska, California, Montana, New Mexico, Oregon, Texas and Washington. Our caregivers provide quality, compassionate care to all those we serve, regardless of coverage or ability to pay.

Continuing an enduring commitment to world class care and serving all, especially those who are poor and vulnerable, Providence uses scale to create Health for a Better World, one community at a time. We have been pioneering health care for 164 years, and have a history of responding with strength and innovation during challenging health care environments. Together, we are reimagining the future of health care delivery in our communities for all ages and populations. Our strategies to diversify and modernize are enabling high-quality care at affordable prices, including through networks of same-day clinics and online care and services.

We are privileged to serve in dynamic, contiguous markets with growing populations, which has led to consistent increases in service utilization. We offer a comprehensive range of industry-leading services, including an integrated delivery system of acute and ambulatory care for inpatient and outpatient services, 29 long-term care facilities, 16 supportive housing facilities, over 7,600 directly employed providers and over 26,000 affiliated providers, a health plan, senior care, financial assistance programs, community health investments, and educational ministries that include a high school and university.

Providence, with headquarters in Renton, Washington, and Irvine, California, is governed by a sponsorship council comprising members of its two sponsoring ministries, Providence Ministries and St. Joseph Health Ministry. We are dedicated to ensuring the continued vibrancy of not-for-profit, Catholic health care in the United States. As one of the largest health systems in the United States, our Mission and values call us to serve each person with love, dignity and compassion, reflecting the legacy of the Sisters of St. Joseph and the Sisters of Providence.

The Mission

As expressions of God's healing love, witnessed
through the ministry of Jesus, we are steadfast in serving all,
especially those who are poor and vulnerable ®

Our Values

Compassion | *Dignity* | *Justice* | *Excellence* | *Integrity*

Our Vision

Health for a Better World

Our Promise

"*Know me, care for me, ease my way.*"

Our Strategic Plan

Innovating new approaches to strengthen the Mission and continuously improve. Guided by the Mission and our values, we are executing a strategic plan intended to accelerate our progress toward achieving our vision of Health for a Better World. This far-reaching vision includes continuing to deliver high-quality, patient-centered care; ensuring patients are digitally-enabled; and our ministries serving as a partner in health for the patients and communities we serve. We intend to achieve this by focusing on the core areas of revenue growth, capital efficiency and process modernization. Our integrated strategic and financial plan is supported by three key principles:

Strengthen the core. We are focused on delivering outstanding, affordable health care, housing, education and other essential services to our patients and communities by:

- Creating a work experience where caregivers are developed, fulfilled and inspired to carry on the Mission
- Delivering safe, compassionate, high-value quality health care
- Making Providence the provider partner of choice in all our communities
- Stewarding our resources to improve operational earnings
- Fostering community commitment to our Mission via philanthropy

Be our communities' health partner. We are focused on being our communities' health partner, working to achieve the physical, spiritual and emotional well-being of all. We seek to ease the way of our communities by:

- Transforming care and improving population health outcomes, especially for those who are poor and vulnerable
- Leading the way in improving our nation's mental and emotional well-being
- Extending our commitment to whole person care for people at every age and stage of life
- Engaging with partners in addressing the social determinants of health, with a focus on education, housing, and the environment
- Being the preferred health partner for our communities, and those we serve

Transform our future. We respond to the evolving health care landscape, pursuing new opportunities that transform our services, in a strategic and effective manner. We seek to expand and further sustain our Mission by:

- Diversifying sources of earnings to ensure sustainability of the ministry
- Digitally enabling, simplifying, and personalizing the health experience
- Creating an integrated scientific wellness, clinical research and genomics program that is nationally recognized for breakthrough advances
- Utilizing insights and value from big data to drive strategic transformation
- Activating the voice and presence of the System nationally to improve health

Strategic affiliations. As part of our overall strategic planning and development process, Providence regularly evaluates and, if deemed beneficial, selectively pursues opportunities to affiliate with other service providers and invest in new facilities, programs, or other health care related entities. Likewise, we are frequently presented with opportunities from, and conduct discussions with, third parties regarding potential affiliations, partnerships, mergers, acquisitions, joint operating arrangements or other forms of collaboration, including some that could affect the Obligated Group Members. It is common for several such discussions to be in process concurrently. System management pursues such arrangements when there is a perceived strategic or operational benefit that is expected to enhance our ability to achieve the Mission and/or deliver on our strategic objectives. As a result, it is possible that the current organization and assets of the Obligated Group may change.

In 2019, Providence announced a potential partnership with Adventist Health System/West. The parties' original proposal to develop a joint operating company aimed at lowering cost and improving patient access and experience in the region by integrating clinical activities and services in six Northern

California counties was denied by the California Attorney General. Both parties are currently evaluating alternative options for improving community care. In addition, during the first quarter of 2019, Providence announced that Providence – Southern California and Cedars-Sinai had agreed to create a joint venture that will own and operate Providence Tarzana Medical Center (the "Tarzana Medical Center"), which is situated in Tarzana, California and is currently owned and operated by Providence – Southern California. Providence – Southern California will retain a controlling interest in the Tarzana Medical Center and, with Cedars-Sinai, would jointly build-out and redevelop the campus of the Tarzana Medical Center.

Providence will continue to evaluate opportunities for strategic growth. Providence does not typically disclose such discussions unless and until it appears likely that an agreement will be reached and any required regulatory approvals will be forthcoming.

Key Initiatives

Unifying around a common brand. St. Joseph Health and Providence Health & Services became one organization in 2016 because we knew we could do more for our communities together than on our own. At that point, we adopted the name Providence St. Joseph Health for the parent organization. We are blessed to be a diverse family of ministries and organizations committed to Health for a Better World. After months of careful deliberation, we are unifying our Catholic ministries around a common brand: the St. Joseph Health cross and the word Providence. We recognized in order to unify around a common brand to strengthen Catholic health care in our communities, we need an easily identifiable common brand that ensures patients, families, employers and consumers recognize and understand our comprehensive and diverse network of care. The unified brand will allow us to be more effective advocates for value-based health care reform and a stronger voice for those who are poor and vulnerable. The legal name of the parent organization will remain Providence St. Joseph Health.

Advancing state-of-the-art innovations through industry-leading partnerships. In 2019, we announced our multi-year strategic alliance with Microsoft to accelerate the digital transformation of health care. This alliance will combine cloud computing, artificial intelligence, research capabilities, and collaboration tools with our clinical expertise and care environments, while ensuring the security and privacy of our patient data remains the paramount priority. We are developing a portfolio of integrated solutions designed to improve health outcomes and reduce the total cost of care by combining new health care technologies to transform the care experience. The goal will be to scale these innovations across our system, in a transformation that will bring innovative and necessary solutions to more communities.

Diversifying revenue as a tech-enabled services provider. In 2019, we acquired Bluetree, an Epic consulting and strategy company that helps health care providers maximize their use of technology. The acquisition is part of a strategy to diversify revenue to support patient care and our Mission. In joining our System, Bluetree will extend its customer reach of more than 140 health system clients nationwide and pursue additional growth and innovation opportunities. We have extensive experience internally maximizing Epic, both within our own seven-state system and for other independent hospitals and medical groups. By acquiring Bluetree, we will expand our current offerings to increase the value we deliver to other health systems across the country. With the addition of Bluetree, we now have two electronic health record solutions companies.

Modernizing our revenue cycle through blockchain technology. We are using our scale to integrate best-in-class technologies to reduce administrative burden for providers and payers. In 2019, we acquired Lumedic, a next-generation revenue cycle management platform based on blockchain to build a collaborative information-sharing platform. We believe we are the first integrated provider-payer system to establish a scalable platform to transform claims processing and enhance interoperability between providers and payers. We are engaged in efforts to reinvent our revenue cycle platform that aim to lower overall costs, improve caregiver focus, and make care more affordable. The revenue cycle management system can also be commercialized for a diversified revenue stream to better support our Mission.

Ambulatory Care Network

Creating best in class, lower cost health and wellness services for consumers. The Ambulatory Care Network continues to deliver on commitments to build a network of optimized, connected, lower cost ambulatory services across Providence. In 2019, the consumer-focused division delivered high-quality, convenient care with 2.7 million visits, and achieved top marks across the ExpressCare and Urgent Care customer experience. We exceeded growth targets adding 38 sites, a 27-percent increase in growth from adjusted baseline, including 16 ExpressCare clinics, 11 Urgent Care clinics, three Ambulatory Surgery Centers, and eight One Medical retail sites. We also secured a partnership with Surgical Care Affiliates, one of the largest ambulatory surgery centers in the United States, to develop a system-wide lower cost, high-quality network of ambulatory surgery centers, and continued to deliver digitally-enabled experiences consumers want with the launch of ExpressCare Virtual in Alaska, Washington, Montana, Oregon and California.

Population Health Management

Making a transformational shift from health care to health. Population Health models and initiatives form a vital pillar in achieving our strategic plan of transforming care, delivering value-based care, and creating healthier communities together. Our goal is to maximize the health outcomes of the people in our defined populations and communities through the design, delivery and coordination of affordable quality health care and services. We integrate solutions to improve social determinants of health and provide care management for complex patients. We are building community partnerships to increase access to health services, transportation, housing, education, food banks, and mental health services.

Our Population Health Management division is composed of a family of services, including Population Health Informatics, Value-Based Care, Payer Contracting, Risk Sharing & Payments Models, Care Management, and Mental Health Improvement that support our Providence regional care delivery systems; and two businesses: Providence Health Plans and Ayin Health Solutions.

Providence Health Plan (*"PHP"*), a 501(c)(4) Oregon non-profit health care service contractor, and Providence Health Assurance (*"PHA"*), a wholly-owned subsidiary of PHP, are collectively referred to as the Health Plans. Providence Plan Partners (*"PPP"*), is a 501(c)(4) Washington non-profit corporation. PPP recently announced that it has entered into a nonbinding Letter of Intent with CareOregon to evaluate combining their capabilities in order to serve Medicaid, Medicare and dually eligible Medicaid-Medicare members in the state of Oregon.

The Health Plans provide services to a wide range of clients, including self-funded employers, and insurance coverage for large group employers, small group employers, individual and family coverage under the Affordable Care Act, Medicare Commercial, Medicare Advantage, Managed Medicaid risk administration, pharmacy benefits management, workers compensation services, and network access services under preferred plans.

Digital Innovation

Making health care easier, more collaborative and more rewarding. We work to bring health care into the digital and consumer age with a steadfast focus on patient and consumer value. We deploy digital solutions to deliver personalized care that is accessible, convenient and connected. We approach this challenge comprehensively: prioritizing or repurposing existing technologies, identifying best-of-breed external companies to pilot, scale and/or invest, and incubating new technologies in-house, where appropriate. We also actively collaborate with other health systems and major consumer technology companies on shared problems and common goals. Fueled by our vision for modernized health care, we believe this strategy will help to lower the cost of care, generate new digital revenue streams, and unlock population health management capabilities that help entire communities stay healthy.

Advancing Mission-driven innovation. Founded in 2014, Providence Ventures manages a $300 million venture capital fund designed to achieve venture class returns through direct investments in innovative health care companies that improve quality and convenience, lower cost and improve health outcomes. Providence Ventures offers investment capital and health system expertise to best-in-class companies addressing existing and emerging challenges in health care. We also partner with our portfolio companies to refine existing solutions, while expanding their adoption within and beyond our health system. Our venture funds target early and growth-stage health care companies that specialize in health care information technology, technology-enabled services, health care services, and medical devices.

Home & Community Care

Bringing excellent medical care to the home setting. As a trusted partner for individuals and families, our community-based care and services are geared to help in times of need, aging and illness, and at the end of life. We provide a full range of post-acute services, including assisted living, skilled nursing and rehabilitation, home health, home infusion and pharmacy services, home medical equipment, hospice and palliative care, Program of All-Inclusive Care for the Elderly (PACE) locations, supportive housing, and personal home care services. As our Mission calls us to serve the most vulnerable and poor members of our community, we provide a full range of services and support more to than 38,000 patients, participants and residents each day. The demand for these services continues to increase in the markets we serve, creating opportunities for continued growth, innovation and investment.

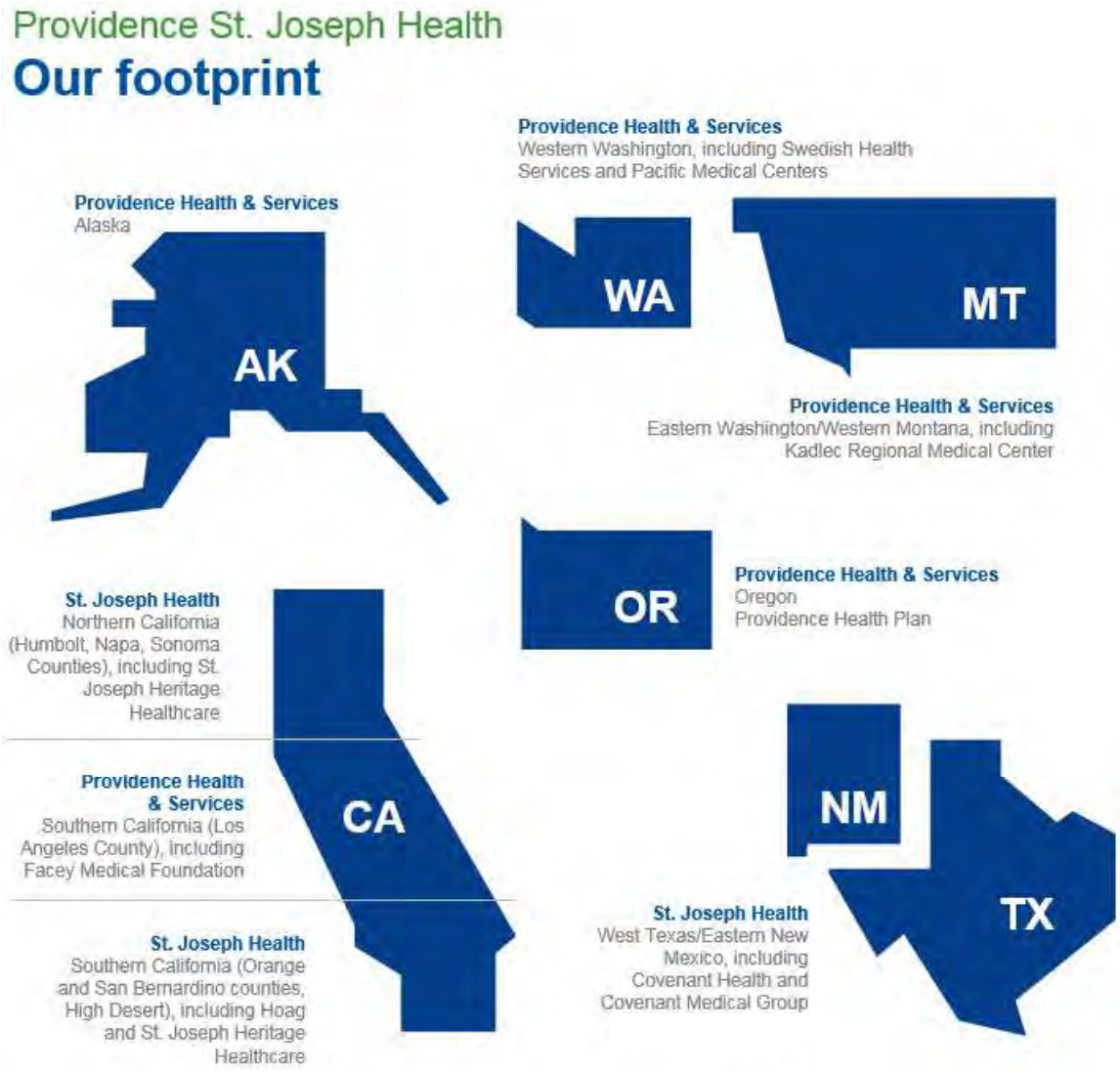
Physician Enterprises

The physician enterprise within the System consists of employed and foundation and affiliate physicians, providers and their supporting care teams. Our Employed Provider Network (the *"Provider Network"*) is composed of eight provider service organizations. The physician enterprise aims to create a more unified provider voice and patient experience for consumers across Providence's seven states through its medical group and affiliate practices.

Medical groups and medical foundations within the Provider Network include: Providence Medical Group, a network serving Alaska, Washington and Montana, and Oregon; Swedish Medical Group, with staffed clinics throughout Washington's greater Puget Sound area; Providence Medical Institute (*"PMI"*), in Southern California; Pacific Medical Centers, in western Washington; Kadlec, serving communities in southeast Washington; Providence St. John's Medical Foundation, in Southern California; Facey Medical Foundation (*"Facey"*), in Southern California; St. Joseph Heritage Healthcare, in Northern and Southern California; Covenant Medical Group and Covenant Health Partners, operating in West Texas and Eastern New Mexico.

The System is organized into the geographic regions spanning seven states across the western United States shown in the graphic below.

EXHIBIT 1.1



Region Information

The System's operating revenue share by geographic region is presented for the fiscal years ended December 31:

EXHIBIT 1.2 - REGIONAL OPERATING REVENUE SHARE	Fiscal Year Ended 12-31-2018	12-31-2019
Alaska	4%	4%
Swedish	11%	11%
Washington and Montana	20%	20%
Oregon	21%	21%
Northern California [1]	6%	6%
Southern California [1]	29%	31%
West Texas and Eastern New Mexico [2]	6%	5%
Other (including Home & Community Care)	3%	2%

(1) Includes recognition of revenue from California provider fee program of $633 million in 2019 and $604 million in 2018.
(2) As reported, the West Texas/Eastern New Mexico regional share decreased due to $462 million in divested revenue related to the sale of Texas-based FirstCare Health Plans in 2019, including eliminations related to claims activity in 2018.

Alaska

As the largest health system in Alaska, the System includes 17 facilities throughout the state, with a 32-percent inpatient market share statewide in 2018, as reported by the Alaska Health Facilities Data Reporting Program. Providence Alaska Medical Center (*"PAMC"*) is the largest hospital in the state. The System's 17 Alaska facilities are located in the greater Anchorage area, with 56 percent inpatient market share, and in the remote communities of Kodiak, Seward and Valdez, as reported by the Alaska Health Facilities Data Reporting Program. PAMC is a 401-bed acute care facility and the only comprehensive tertiary referral center in the state. St. Elias Specialty Hospital, a 59-bed long term acute hospital (the only one in the state) is also located in the Anchorage area. Three critical access hospitals are located in Kodiak, Seward and Valdez, all co-located with skilled nursing facilities.

Swedish

In the greater Puget Sound area of Washington, Swedish Health Services operates five hospital campuses: First Hill, Cherry Hill, Ballard, Edmonds and Issaquah located in King and Snohomish counties. The inpatient market share for Swedish was 26 percent in 2018, as reported by the Comprehensive Hospital Abstract Reporting System. Swedish also has ambulatory care centers in Redmond and Mill Creek, and a network of more than 100 primary care and specialty clinics throughout the Seattle metropolitan corridor.

Washington and Montana

In the Washington-Montana region, the System includes 12 hospitals, with a 44-percent inpatient market share in their service areas in 2018, as reported by the Comprehensive Hospital Abstract Reporting System. The region is composed of five geographic markets: Northwest Washington, Southwest Washington, Eastern Washington, Southeast Washington and Western Montana, with medical groups in the region employing more than 2,300 providers. The region provides a variety of services, including home health care, primary and immediate care services, inpatient rehabilitation, and general acute care services.

Oregon

The Oregon region includes eight hospitals in Portland, Hood River, Medford, Milwaukie, Newberg, Seaside and Oregon City, with a total inpatient market share of 30 percent in their service areas in 2018, as reported by Apprise Health Insights. Providence St. Vincent Medical Center provides tertiary

care to the Portland metropolitan market. The region also provides more than 100 primary care, specialty and immediate care clinics, home health care, and housing. The Health Plans are based in Oregon, and a majority of the members (nearly 650,000) live in the region.

Northern California

The System's ministries in Northern California serve the North Coast, Humboldt, Napa and Sonoma communities with five hospitals, ambulatory surgery centers, urgent care centers, wellness centers, physician offices, home health, hospice, and rehabilitation sites. The acute care hospitals in Northern California had 37-percent inpatient market share in their service areas in 2018, as reported by the Office of Statewide Health Planning and Development. St. Joseph Heritage Healthcare, a medical foundation, operates clinics in the region with its contracted physician partners.

Southern California

The Southern California region includes 13 acute care hospitals in Los Angeles, Orange and San Bernardino counties, and the High Desert, with a total inpatient market share of 25 percent in their service areas in 2018, as reported by the Office of Statewide Health Planning and Development. In Los Angeles County, the System includes six acute care facilities. Our largest hospital, Providence St. Joseph Medical Center, is located in Burbank. The System also includes hospitals in Mission Hills, San Pedro, Tarzana, Torrance and Santa Monica. Providence Medical Foundation (*"PMF"*) operates 63 practice locations in the market, offering more than 20 types of specialty care. PMF includes the Facey, PMI and Providence St. John's medical foundations, In addition, the System includes seven acute care facilities within Orange and San Bernardino counties: Apple Valley, Fullerton, Mission Viejo, Laguna Beach, Newport Beach, Irvine and Orange. Mission Hospital is located on two campuses in Mission Viejo and Laguna Beach, and maintains the region's level II trauma center, as well as a women's center. Hoag Hospital, which also is composed of two campuses, in Newport Beach and Irvine, also includes Hoag Orthopedic Institute, part of St. Joseph Hoag Health alliance described below. St. Joseph Heritage Healthcare, a medical foundation, operates clinics in the region with its contracted physician partners.

West Texas and Eastern New Mexico

The West Texas-Eastern New Mexico region includes Covenant Health System and Covenant Medical Group. Covenant Health System and its related Texas affiliates is the market's largest health system with seven licensed hospitals; the inpatient market share was 40 percent in their service areas in 2018, as reported by Texas Health Care Information Collection. Covenant Health System also operates Grace Health System, which includes Grace Clinic and Grace Medical Center, and Covenant Medical Group, a medical foundation physician network of employed and aligned physicians. Covenant Health System, operates two acute care community hospitals in the region, Covenant Health Plainview and Covenant Health Levelland, and Specialty Hospital, a long-term acute care facility. Covenant Health System also operates a joint venture acute rehabilitation facility and Hospice of Lubbock.

Obligated Group

Providence and the other entities so designated in the Glossary are currently Obligated Group Members under the Master Indenture.

Providence is the Obligated Group Agent under the Master Indenture. Under the Master Indenture, debt incurred or secured through the issuance of Obligations under the Master Indenture are the responsibility, jointly and severally, of the Obligated Group Members. Pursuant to the Master Indenture, Obligated Group Members may be added to and withdrawn from the Obligated Group under certain conditions described in the Master Indenture. INDEBTEDNESS EVIDENCED OR SECURED BY OBLIGATIONS ISSUED UNDER THE MASTER INDENTURE IS SOLELY THE OBLIGATION OF THE OBLIGATED GROUP, AND SUCH OBLIGATIONS ARE NOT GUARANTEED BY, OR THE LIABILITIES OF, SISTERS OF PROVIDENCE, MOTHER JOSEPH PROVINCE, ANY OTHER PROVINCE OF THE SISTERS OF PROVIDENCE MONTREAL CONGREGATION, THE LITTLE COMPANY OF MARY SISTERS, AMERICAN PROVINCE, SISTERS OF ST. JOSEPH OF ORANGE, THE ROMAN CATHOLIC CHURCH, OR ANY AFFILIATE OF THE SYSTEM THAT IS NOT AN OBLIGATED GROUP MEMBER.

System Utilization

The System's key volume indicators are presented for the fiscal years ended December 31:

EXHIBIT 2.1 - SYSTEM UTILIZATION DATA PRESENTED IN THOUSANDS UNLESS NOTED	Fiscal Year Ended 12-31-2018	 12-31-2019
Inpatient Admissions	514	507
Acute Adjusted Admissions	1,025	1,041
Acute Patient Days	2,441	2,464
Long-Term Patient Days	413	402
Outpatient Visits (incl. Physicians)	26,915	27,302
Emergency Room Visits	2,108	2,125
Surgeries and Procedures	690	699
Acute Average Daily Census (Actual)	6,688	6,752
Providence Health Plan Members	648	649

Obligated Group Utilization

The Obligated Group's key volume indicators are presented for the fiscal years ended December 31:

EXHIBIT 2.2 - OBLIGATED GROUP UTILIZATION DATA PRESENTED IN THOUSANDS UNLESS NOTED	Fiscal Year Ended 12-31-2018	 12-31-2019
Obligated Group		
Inpatient Admissions	504	497
Acute Adjusted Admissions	974	982
Acute Patient Days	2,395	2,413
Long-Term Patient Days	402	392
Outpatient Visits (incl. Physicians)	21,450	21,402
Emergency Room Visits	2,089	2,097
Surgeries and Procedures	561	568
Acute Average Daily Census (Actual)	6,562	6,611

Financial Information

The summary audited combined financial information as of and for the fiscal years ended December 31, 2019 and 2018, respectively, are presented below. The financial information should be read in conjunction with the audited combined financial statements of the System, including the notes thereto, and the report of KPMG LLP, independent auditors.

For the fiscal year ended December 31, 2019, the audited combined net operating revenue and total assets attributable to the Obligated Group Members were approximately 84 percent and 87 percent, respectively, of the System totals. For the fiscal year ended December 31, 2018, the audited combined net operating revenues and total assets attributable to the Obligated Group Members were approximately 82 percent and 87 percent, respectively, of the Systems totals. Refer to Exhibit 6, below, for supplementary information on the Obligated Group Members.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make assumptions, estimates and judgments that affect the amounts reported in the combined financial statements, including the notes thereto, and related disclosures of commitments and contingencies, if any. System management considers critical accounting policies to be those that require the more significant judgments and estimates in the preparation of its financial statements, including the following: recognition of net operating revenues, which includes contractual allowances; impairment of long-lived assets; valuation of investments; accounting for expenses in connection with restructuring activities; provisions for bad debt; and reserves for losses and expenses related to health care professional and general liability risks. Management relies on historical experience and on other assumptions believed to be reasonable under the circumstances in making its judgments and estimates. Actual results could differ materially from those estimates.

Summary Audited Combined Statements of Operations

EXHIBIT 3.1 - COMBINED STATEMENTS OF OPERATIONS $ PRESENTED IN MILLIONS	Fiscal Year Ended 12-31-2018	 12-31-2019
Net Patient Revenue	$18,998	$19,883
Premium Revenues	2,981	2,376
Capitation Revenue	1,378	1,514
Other Revenue	1,071	1,252
Total Operating Revenues	**24,428**	**25,025**
Salaries and Benefits	11,883	12,172
Supplies	3,563	3,698
Purchased Healthcare Services	2,414	2,049
Interest, Depreciation, and Amortization	1,360	1,345
Purchased Services, Professional Fees, and Other	5,043	5,388
Total Operating Expenses Before Restructuring Costs	**24,263**	**24,652**
Excess of Revenues Over Expenses from Operations Before Restructuring Costs	**165**	**373**
Restructuring Costs	162	159
Excess of Revenues Over Expenses from Operations	**3**	**214**
Total Net Non-Operating (Losses) Gains	(448)	1,144
(Deficit) Excess of Revenues Over Expenses	**$(445)**	**$1,358**
Operating EBIDA	**$1,363**	**$1,559**
Pro Forma Operating EBIDA [(1)]	**$1,525**	**$1,718**

[(1)] Pro forma Operating EBIDA normalizes for restructuring costs in 2019 and 2018.

Summary Audited Combined Balance Sheets

EXHIBIT 3.2 - COMBINED BALANCE SHEET $ PRESENTED IN MILLIONS	As of 12-31-2018	 12-31-2019
Current Assets:		
Cash and Cash Equivalents	$1,597	$1,316
Accounts Receivable, Net	2,257	2,400
Supplies Inventory	293	283
Other Current Assets	858	1,233
Current Portion of Assets Whose Use is Limited	654	702
Total Current Assets	**5,659**	**5,934**
Assets Whose Use is Limited:	9,599	10,855
Property, Plant & Equipment	10,871	10,978
Other Assets [1]	1,300	2,785
Total Assets	**$27,429**	**$30,552**
Current Liabilities:		
Current Portion of Long-Term Debt	$300	$85
Master Trust Debt Classified as Short-Term	110	205
Accounts Payable	1,098	1,035
Accrued Compensation	1,202	1,145
Other Current Liabilities [1]	1,835	2,428
Total Current Liabilities	**4,545**	**4,898**
Long-Term Debt, Net of Current Portion	6,258	6,393
Pension Benefit Obligation	1,065	1,094
Other Liabilities [1]	1,170	2,292
Total Liabilities	**$13,038**	**$14,677**
Net Assets:		
Controlling Interests	12,988	14,344
Noncontrolling Interest	168	150
Net Assets without Donor Restrictions	**13,156**	**14,494**
Net Assets with Donor Restrictions	**1,235**	**1,381**
Total Net Assets	**14,391**	**15,875**
Total Liabilities and Net Assets	**$27,429**	**$30,552**

(1) In 2019, the System adopted ASC 842, Leases, in accordance with U.S. GAAP and recognizes right-of-use assets and lease liabilities on the balance sheet for all leases with a term longer than 12 months.

Management's Discussion and Analysis: Fiscal Year Ended December 31, 2019

Management's discussion and analysis provides additional narrative explanation of the financial condition, operational results and cash flow of the System to assist in increasing understanding of the combined financial statements. The summary audited combined financial information as of and for the fiscal years ended December 31, 2019 and 2018, respectively, are presented below.

Results of Operations

Operations Summary

Operating earnings before interest, depreciation and amortization *("EBIDA")* and operating income were $1.6 billion and $214 million, respectively, for the fiscal year ended December 31, 2019, compared with $1.4 billion and $3 million, respectively, for the same period in 2018, and includes restructuring costs and the recognition of provider fee programs, in addition to the net revenue impact from the sale of Texas-based FirstCare Health Plans in 2019, compared with the prior year. Pro forma operating EBIDA and operating income normalized for restructuring costs increased $193 million and $208 million, respectively, for the fiscal year ended December 31, 2019, compared with the same period in 2018. The net increase was primarily driven by higher patient volumes, higher acuity, and higher labor productivity and rates, in addition to improved medical supply management due to key modernization initiatives. The System's key financial indicators are presented for the fiscal years ended December 31:

	AS REPORTED		PRO FORMA [1]	
EXHIBIT 3.3 - OPERATIONS SUMMARY $ PRESENTED IN MILLIONS	12-31-2018	12-31-2019	12-31-2018	12-31-2019
Operating Income	$3	$214	$165	$373
Operating Margin %	0.0	0.9	0.7	1.5
Operating EBIDA	1,363	1,559	1,525	1,718
Operating EBIDA Margin %	5.6	6.2	6.2	6.9
Net Service Revenue/Case Mix Adjusted Admits	12,066	12,099	12,066	12,099
Net Expense/Case Mix Adjusted Admits	12,064	11,980	11,902	11,892
Total Community Benefit	$1,595	$1,515	-	-
Full-Time Equivalents (thousands)	105	105	-	-

[1] Pro forma normalizes for restructuring costs in 2019 and 2018.

Volumes

While patient volumes have continued to grow in comparison to the prior year, this growth has coincided with a shift to the outpatient setting and higher acuity within the inpatient setting as measured by case mix adjusted admissions *("CMAA").* The System experienced three percent higher CMAA for the fiscal year ended December 31, 2019, compared with the same period in 2018. Surgeries and procedures continue to grow through a combination of Providence wholly-owned and joint venture activities, including a three percent increase in the Providence outpatient setting, compared with the prior year. Total outpatient visits increased by one percent for the fiscal year ended December 31, 2019, compared with the same period in 2018, as inpatient admissions for lower acuity services shift to the outpatient setting. Acute patient days and acute average daily census both increased by one percent for the fiscal year ended December 31, 2019, compared with the same period in 2018, reflecting higher acuity and longer stays in the inpatient setting.

Operating Revenues

Operating revenues for the fiscal year ended December 31, 2019 were $25.0 billion, an increase of two percent, compared with the same period in 2018, primarily driven by higher patient volumes, and higher acuity and rates, combined with the recognition of accrued reimbursements from provider fee programs of $942 million in 2019, compared with $894 million for the same period in 2018, in addition to the divestment of $462 million in net revenue due to the sale of Texas-based FirstCare Health Plans in

2019. Lower reimbursements for services from changes in payor mix, payment rates and procedure mix remains a significant challenge for the System. Government health programs, principally Medicare, continue to modestly outpace our commercial growth compared to the prior year, which has coincided with increases in acuity levels. Net patient revenues per CMAA remained steady for the fiscal year ended December 31, 2019, compared with the same period in 2018.

The System's operating revenues by state are presented for the fiscal years ended December 31 (footnotes appear beneath last table):

EXHIBIT 3.4 - OPERATING REVENUES BY STATE $ PRESENTED IN MILLIONS	Fiscal Year Ended 12-31-2018	 12-31-2019
Alaska	$851	$877
Washington	6,724	7,036
Montana	433	450
Oregon	5,091	5,207
California [1]	8,684	9,083
Texas [2]	1,574	1,120
Total Revenues from Contracts with Customers	23,357	23,773
Other Revenues	1,071	1,252
Total Operating Revenues	$24,428	$25,025

The System's operating revenues by line of business are presented for the fiscal years ended December 31 (footnotes appear beneath last table):

EXHIBIT 3.5 - OPERATING REVENUES BY LINE OF BUSINESS $ PRESENTED IN MILLIONS	Fiscal Year Ended 12-31-2018	 12-31-2019
Hospitals [1]	$16,187	$16,805
Health Plans and Accountable Care [2]	3,212	2,553
Physician and Outpatient Activities	2,726	2,865
Long-term Care, Home Care, and Hospice	990	1,198
Other Services	242	352
Total Revenues from Contracts with Customers	23,357	23,773
Other Revenues	1,071	1,252
Total Operating Revenues	$24,428	$25,025

The System's operating revenues by payor are presented for the fiscal years ended December 31:

EXHIBIT 3.6 - OPERATING REVENUES BY PAYOR [3] $ PRESENTED IN MILLIONS	Fiscal Year Ended 12-31-2018	 12-31-2019
Commercial	$11,503	$11,918
Medicare	7,540	8,017
Medicaid [1]	3,781	3,441
Self-pay and Other	533	397
Total Revenues from Contracts with Customers	23,357	23,773
Other Revenues	1,071	1,252
Total Operating Revenues	$24,428	$25,025

(1) Includes recognition of revenue from California provider fee program of $633 million in 2019 and $604 million in 2018.
(2) Decrease due to $462 million in divested net revenue related to the sale of Texas-based FirstCare Health Plans in 2019.
(3) Represents total payor net patient revenues received, including premium and capitation revenue in accordance with ASC 606, Revenue from Contracts with Customers. Refer to Exhibit 6.3 within Exhibit 6 attached hereto for supplementary information on net patient revenue payor mix driven by patient utilization.

Operating Expenses

Operating expenses for the fiscal year ended December 31, 2019 were $24.7 billion, an increase of two percent, compared with the same period in 2018, primarily driven by costs associated with serving the System's higher patient volumes, combined with restructuring costs incurred to streamline operations and drive future operating performance. Labor productivity improved four percent on an adjusted occupied bed volumes basis, and medical supply costs per CMAA were lower by three percent, compared with the prior year. Overall salaries and benefits expenses increased three percent for the fiscal year ended December 31, 2019, compared with the same period in 2018. Supplies expense increased by four percent compared with the prior year, driven primarily by an eight percent increase in pharmaceutical spend. This growth was offset by higher labor productivity and expense management efforts with a one percent reduction in expenses per CMAA for the year ended December 31, 2019, compared with the same period in 2018.

Non-Operating Activity

Non-operating gains totaled $1.1 billion for the fiscal year ended December 31, 2019, compared with non-operating losses of $448 million for the same period in 2018. The increase was primarily driven by strong investment performance, including investment gains of $1.3 billion for the fiscal year ended December 31, 2019, compared with investment losses of $366 million for the same period in 2018.

Liquidity and Capital Resources; Outstanding Indebtedness

Unrestricted Cash and Investments

Unrestricted cash and investments totaled approximately $12.3 billion as of December 31, 2019, compared to $11.2 billion as of December 31, 2018, and includes cash generated from operations, debt service costs, capital spending and investment activity. The System's liquidity is presented for the fiscal years ended December 31:

	As of	
EXHIBIT 4.1 - INVESTMENTS BY DURATION $ PRESENTED IN MILLIONS	12-31-2018	12-31-2019
Cash and Cash Equivalents	$1,597	$1,316
Short-Term Investments	511	549
Long-Term Investments	9,135	10,404
Total Unrestricted Cash and Investments	$11,243	$12,269

The System maintains a long-term investment portfolio comprised of operating and foundation investment assets. The System's target asset allocation for the long-term portfolio, by general asset class, is presented for the fiscal years ended December 31:

	As of	
EXHIBIT 4.2 - INVESTMENTS BY TYPE	12-31-2018	12-31-2019
Cash and Cash Equivalents	2%	2%
Domestic and International Equities	45%	45%
Debt Securities	33%	38%
Other Securities	20%	15%

Financial Ratios

The System's financial ratios presented for the fiscal years ended December 31:

EXHIBIT 4.3 - SUMMARY OF KEY RATIOS	As of 12-31-2018	12-31-2019
Total Debt to Capitalization %	32.6	31.3
Comprehensive Debt to Capitalization % [1]	41.9	38.6
Cash to Debt Ratio %	176.6	185.9
Cash to Comprehensive Debt % [1]	118.4	134.5
Current Debt Service Coverage	4.4	3.0
Days Cash on Hand [3]	178	191
Debt to Operating Cash Flow [2]	4.7	4.2
Maximum Annual Debt Service	390	390
Cash to Net Assets Ratio	0.85	0.85

(1) Comprehensive Debt uses actuals for 2019 due to the adoption of ASC 842, Leases, with operating lease liabilities recognized on-balance sheet. Best estimates were used pre-adoption for prior periods.

(2) Debt to Operating Cash Flow, a measure of total debt to cash flow from operations, is calculated based on a rolling 12-months of EBIDA for the current period.

(3) Day Cash on Hand, a measure of cash in relation to monthly operating expenses, is calculated as follows: (unrestricted cash & investments) / (total operating expenses - depreciation and amortization expenses)/days outstanding during the periods)).

System Capitalization

The System's capitalization is presented for the fiscal years ended December 31:

EXHIBIT 4.4 - SYSTEM CAPITALIZATION $ PRESENTED IN MILLIONS UNLESS NOTED	As of 12-31-2018	12-31-2019
Long-Term Indebtedness	$6,558	$6,478
Less: Current Portion of Long-Term Debt	300	85
Net Long-Term Debt	6,258	6,393
Net Assets - Unrestricted	13,156	14,494
Total Capitalization	$19,414	$20,887
Long-term Debt to Capitalization %	32.2	30.6

Obligated Group Capitalization

The Obligated Group's capitalization is presented for the fiscal years ended December 31:

EXHIBIT 4.5 - OBLIGATED GROUP CAPITALIZATION $ PRESENTED IN MILLIONS UNLESS NOTED	As of 12-31-2018	12-31-2019
Obligated Group		
Long-Term Indebtedness	$6,422	$6,362
Less: Current Portion of Long-Term Debt	296	81
Net Long-Term Debt	6,126	6,281
Net Assets - Unrestricted	11,739	12,911
Total Capitalization	$17,865	$19,192
Long-Term Debt to Capitalization %	34.3	32.7

System Debt Service Coverage

The System's coverage of Maximum Annual Debt Service (*"MADS"*) on indebtedness is presented for the fiscal years ended December 31 (footnote appears beneath Exhibit 4.7):

	As of	
EXHIBIT 4.6 - SYSTEM DEBT SERVICE COVERAGE $ PRESENTED IN MILLIONS UNLESS NOTED	**12-31-2018**	**12-31-2019**
Income Available for Debt Service:		
(Deficit) Excess of Revenues Over Expenses	$(445)	$1,358
Plus: Unrealized Losses/Less: Unrealized Losses (Gains) on Trading Securities	652	(978)
Plus: Loss on Extinguishment of Debt	6	14
Plus: Loss on Pension Settlement Costs and Other	26	26
Plus: Depreciation	1,082	1,077
Plus: Interest and Amortization	278	268
Total	$1,599	$1,765
Debt Service Requirements: [1]		
MADS	$390	$390
Coverage of Debt Service Requirements	4.1x	4.5x

Obligated Group Debt Service Coverage

The Obligated Group's coverage of MADS on indebtedness is presented for the fiscal years ended December 31:

	As of	
EXHIBIT 4.7 - OBLIGATED GROUP DEBT SERVICE COVERAGE $ PRESENTED IN MILLIONS UNLESS NOTED	**12-31-2018**	**12-31-2019**
Obligated Group		
Income Available for Debt Service:		
Excess of Revenues Over Expenses	$182	$1,805
Plus: Unrealized Losses/Less: Unrealized Losses (Gains) on Trading Securities	559	(834)
Plus: Loss on Extinguishment of Debt	6	14
Plus: Loss on Pension Settlement Costs and Other	30	26
Plus: Depreciation	1,010	999
Plus: Interest and Amortization	264	254
Total	$2,051	$2,264
Debt Service Requirements: [1]		
MADS	$390	$390
Coverage of Debt Service Requirements	5.3x	5.8x

[1] Debt Service Requirements has the meaning assigned to such term in the Master Indenture.

System Governance and Management

Corporate Governance

Providence serves as the parent and corporate member of PH&S and SJHS. Providence was created in connection with the combination of the multi-state health care systems of PH&S and the SJHS, which was effective on July 1, 2016 (the *"Combination"*). Providence has been determined to be an organization that is exempt from federal income taxation under Section 501(c)(3) of the Internal Revenue Code. Prior to the Combination, the sole corporate member of PH&S was Providence Ministries, which acted through its sponsors, who are five individuals appointed by the Provincial Superior of the Sisters of Providence, Mother Joseph Province. Similarly, the sole corporate member of SJHS was St. Joseph Health Ministry, a California non-profit public benefit corporation. Providence Ministries and St. Joseph Health Ministry are each a public juridic person under Canon law, responsible for assuring the Catholic identity and fidelity to the Mission of their respective systems. Pursuant to the Combination, Providence Ministries and St. Joseph Health Ministry have entered into an agreement that establishes a sponsorship model through contractual obligations exercised by the parties' sponsors collectively (the *"Sponsors Council"*). The Sponsors Council retains certain reserved rights with respect to Providence. Among the powers reserved to the Sponsors Council are the following powers over the affairs of Providence (excluding certain affiliates, such as: Providence - Western Washington, Western HealthConnect, Swedish, Swedish Edmonds, PacMed, Kadlec and Hoag Hospital): to amend or repeal the articles of incorporation or bylaws of the Providence; the appointment and removal, with or without cause, of the directors of Providence; the appointment and removal, with or without cause, of the President and Chief Executive Officer of Providence; the approval of the acquisition of assets, incurrence of debt, encumbering of assets and sale of certain property; the approval of operating and capital budgets, upon recommendation of the Providence Board of Directors; and the approval of dissolution, consolidation or merger. Providence has reserved rights over PH&S and SJHS, which powers may be exercised by Board of Providence. Given the complexity of the System's governance structure, Providence routinely evaluates and considers alternative governance models to best meet the System's governance needs.

The following table lists the current members of the Board of Directors of Providence and the Sponsors Council.

Board of Directors	Term Expires (December 31)
David Olsen, Chair †	2021
Richard Blair †	2020
Dick Allen ‡	2022
Isiaah Crawford, PhD ‡	2022
Lucille Dean, SP †	2020
Diane Hejna, CSJ, RN. ‡	2022
Phyllis Hughes, RSM, PhD. ‡	2022
Mary Lyons, PhD. ‡	2022
Carolina Reyes, M.D. ‡	2022
Phoebe Yang ‡	2022
Charles W. Sorenson, M.D. Δ	2021
Lydia M. Marshall Δ	2021
Michael Murphy Δ	2022
Katharin S. Dyer Δ	2022
Rod Hochman, M.D.	Ex-officio

Sponsors Council	Term Expires (December 31)
Eleanor Brewer	2020
Ned Dolejsi	2020
Jeff Flocken	2025
Barbara Savage	2020
Bill Cox	2022
Russell Danielson	2027
Sr. Sharon Becker, CSJ	2027
Mark Koenig	2027
Sr. Margaret Pastro, SP	2028
Sr. Mary Therese Sweeney, CSJ	2028

† Not eligible for an additional term.
‡ Eligible for one additional three-year term.
Δ Eligible for up to two.

Executive Leadership Team

The following are key members of Providence's executive leadership team.

Name	Title
Rod Hochman, M.D.	President and CEO
Mike Butler	President of Operations and Strategy
Venkat Bhamidipati	EVP and CFO

Support Services

Corporate officers and supporting staff oversee the management activities carried on, on a day-to-day basis, by the management staff of each region. Each regional Chief Executive reports to the President of Operations, who oversees their management with emphasis on the service area's achievements in responding to unmet health care needs in the community, especially the unmet needs of the poor and vulnerable, productivity, developing integrated delivery systems, meeting financial guidelines, and maintaining or increasing market share. The Chief Financial Officer of Providence and Finance staff coordinate the annual budget and multi-year forecasts of the service areas, and manage the capital acquisition and management activities of the Obligated Group. Other areas in which the corporate staff provides centralized services or coordinates the activities of the service areas include: legal affairs, insurance and risk management, treasury services, materials management, technical support, fund raising, quality of care, medical ethics, pastoral services, mission effectiveness, human resources, planning and policy development, and public affairs.

Non-Obligated Group System Affiliates

In addition to the Obligated Group Members, the System includes: health plans; a provider network; numerous fundraising foundations; Providence Ventures, Inc., a Washington corporation that invests in health care activities; various not-for-profit corporations that own and operate assisted living facilities and low-income housing projects, including housing facilities for the elderly; and the University of Providence formerly known as University of Great Falls, located in Great Falls, Montana. The System also includes multiple operations involving or supporting home health, outpatient surgery, imaging services and other professional services provided through for-profit and non-profit entities that are not part of the Obligated Group. These entities are organized as subsidiaries of the System, partnerships or joint ventures with other entities. Obligated Group Members also may engage in informal alliances and/or contract-based physician relationships. Affiliates that are not Obligated Group Members are referred to in this Annual Report as the Non-Obligated Group System Affiliates. Certain Non-Obligated Group System Affiliates that are of significant operational or strategic importance and other Non-Obligated Group System Affiliates are discussed elsewhere in this Annual Report only to the extent they are viewed by System management to be of particular operational or strategic importance.

Control of Certain Obligated Group Members

General

Providence is the sole corporate member of PH&S and SJHS. PH&S is the sole corporate member, directly or indirectly, of each of Providence – Washington, Providence – Southern California, LCMASC, Providence – St. John's, Providence – SJMC Montana, Providence – Montana, Providence – Oregon, Swedish, Swedish Edmonds, Pac Med, Western Health Connect and Kadlec, and co-corporate member of Providence – Western Washington.

SJHS is the sole corporate member of SJHNC and, as more fully described hereinafter, a corporate member of St. Joseph Orange, St. Jude, Mission Hospital, St. Mary and CHS.

Northern California Region

SJHS is the sole member of St. Joseph Health Northern California, LLC, which, operates the hospital facilities known as Santa Rosa Memorial Hospital, Queen of the Valley Medical Center, St. Joseph Hospital of Eureka, and Redwood Memorial Hospital. The corporate entities of Santa Rosa Memorial Hospital, Queen of the Valley Medical Center, St. Joseph Hospital of Eureka and Redwood Memorial Hospital, each a California nonprofit public benefit corporation (collectively, the "*Hospitals*") transferred their assets to SJHNC effective as of April 1, 2018. Effective December 31, 2019 the remaining corporate entities in connection with this reorganization were dissolved.

Southern California Region

In connection with the March 2013 affiliation of SJHS and Hoag Hospital, a new entity known as Covenant Health Network, Inc. (*"CHN"*), a California nonprofit public benefit corporation, was created. CHN is a corporate member of Hoag Hospital and St. Joseph Orange, St. Jude, Mission Hospital and St. Mary (the *"SJHS Southern California Hospitals"*). CHN, The George Hoag Family Foundation (Hoag Family Foundation) and the constituent churches of the Los Ranchos Presbytery of the Presbyterian Church (USA), as represented by the Association of Presbyterian Ministers (APM), are the corporate members of Hoag Hospital. None of CHN, Hoag Family Foundation or APM is an Obligated Group Member, or is obligated for payment with respect to the Bonds.

SJHS, CHN, Hoag Hospital and the SJHS Southern California Hospitals entered into an affiliation pursuant to the terms of an Affiliation Agreement dated as of October 15, 2012 (the *"CHN Affiliation Agreement"*). The CHN Affiliation Agreement, which became effective as of March 1, 2013, is designed to allow SJHS and each of the SJHS Southern California Hospitals on the one hand, and Hoag Hospital on the other hand, to preserve their respective Catholic and Presbyterian heritages and identities while creating an integrated community health care delivery system. The Affiliation Agreement was amended as of June 1, 2017 and Providence became a party to the arrangement. In addition, a Supplemental Agreement and two amendments were also entered into between the parties in 2017.

CHN does not have any corporate members, and neither Providence, SJHS, its affiliates, nor Hoag Hospital have any ownership interest in CHN. CHN's governing board consists of seven members, four of whom are designated by Providence in its sole discretion from persons who are members of the governing boards of SJHS, SJHS Southern California Hospitals, St. Joseph Health Ministry and/or Sisters of St Joseph of Orange, and/or members of Providence or SJHS management. The remaining three members are designated by Hoag Family Foundation and APM, acting jointly, in their sole discretion from members of the governing board of Hoag Hospital. The CHN board provides strategic planning leadership and oversight for the Southern California region.

CHN and SJHS have certain reserved powers with respect to the governance, management and operation of each of the SJHS Southern California Hospitals and Hoag Hospital. Some of these powers may be exercised only by a supermajority vote of the CHN Board of Directors, meaning the affirmative vote of at least three of the four members designated by Providence, and of at least two of the three members designated by Hoag Family Foundation and APM. Such reserved powers and powers that require a supermajority vote may be reviewed and revised from time to time. These reserved powers include, among others, certain actions relating to: (i) changes in articles and bylaws, (ii) certain board member and management appointments and removals; and (iii) certain hospital mergers, acquisitions, joint ventures, asset sales, cash transfers and financings. Hoag Family Foundation and APM also have reserved powers with respect to certain management and operating matters and transactions involving Hoag Hospital.

West Texas/Eastern New Mexico Region

SJHS and Lubbock Methodist Hospital System (*"LMHS"*) are the corporate members of CHS. CHS is the sole corporate member of CMC, Covenant Levelland and Covenant Plainview. LMHS is not an Obligated Group Member and is not obligated for payment with respect to the Bonds.

CHS was formed in 1998 pursuant to an affiliation between SJHS and LMHS and its affiliates, pursuant to which CHS became the sole corporate member of certain entities previously affiliated with LMHS and, together with certain of such entities, joined the obligated group to which SJHS and its affiliates were party.

CHS is governed by a 19-member board of directors. LMHS and SJHS each appoint eight directors. SJHS also appoints the Chief Executive Officer of CHS, who is an ex-officio voting director. The CMC Chief of Staff and Covenant Children's Hospital Chief of Staff also serve as ex-officio voting directors. SJHS has extensive authority with respect to the financial affairs of CHS and its subsidiaries, including, but not limited to, the approval of budgets of CHS and its subsidiaries and selection and retention of auditors.

As part of the affiliation, SJHS, CHS and LMHS entered into an agreement that significantly restricts the ability of SJHS to sever its relationship with CHS and the entities formerly affiliated with LMHS. Under certain circumstances, it also restricts CHS and SJHS from a wide variety of transactions (the *"Covered Transactions"*), including: (i) certain management agreements, leases, joint ventures and other transactions that might have the effect of transferring control of Covenant Medical Center or all assets of CHS and its subsidiaries to an unrelated third party, or in a manner that voids or reduces LMHS's right, as a member, to appoint directors; (ii) a sale, transfer or conveyance of all or substantially all of CHS' assets (including all of CHS' affiliates, taken in the aggregate); (iii) an affiliation, management agreement, lease or joint venture under which a third party acquires the right to control CHS, as a whole; or (iv) any other transaction in which the ability to appoint and remove more than 50 percent of the directors of CHS is transferred to a third party.

In the event SJHS or CHS undertakes a Covered Transaction, they are obligated to provide notice and information to LMHS and to make a "reciprocal offer" to LMHS, including an offer to purchase LMHS's membership rights in CHS and a simultaneous obligation to offer CHS' membership rights to LMHS at the same purchase price, adjusted upward by a formula that reflects the dissolution percentages Pursuant to the terms of the affiliation, the dissolution percentages are SJHS – 57 percent; LMHS – 43 percent.

Other Information

Outstanding Master Trust Indenture Obligations

As of December 31, 2019, the System had Obligations outstanding under the Master Indenture totaling $6,105,000,000. This excludes Obligations that secure interest rate or other swap transactions, bank liquidity or credit facilities. The Obligations outstanding under the Master Indenture relating to tax-exempt and taxable bond/note indebtedness are described further in the Note 7 to the Combined Audited Financial Statements for the fiscal year ended December 31, 2019.

Certain of the outstanding Obligations secure tax-exempt bonds previously issued for the benefit of one or more Obligated Group Members (collectively, the *"Direct Placement Bonds"*) that were purchased directly by commercial banks. Certain other of the outstanding Obligations secure taxable loans and lines of credit previously incurred on behalf of the Obligated Group (the *"Taxable Loans"*) from one or more commercial banks or a syndicate of banks. Certain other of the outstanding Obligations secure payment obligations relating to bank liquidity or letter of credit facilities (the *"Credit Facilities"*) issued by credit banks to secure the payment of principal of, interest on and purchase price for certain tax-exempt and taxable bonds issued for the benefit of, or by, certain Obligated Group Members. The financial covenants relating to the Direct Placement Bonds, the Taxable Loans and the Credit Facilities are substantially consistent with the covenants in the Master Indenture. In addition to financial covenants, the Direct Placement Bonds, the Taxable Loans and the Credit Facilities include events of default that may cause an acceleration of the Obligations secured thereby, and, in turn, all Obligations secured by the Master Indenture. Certain documents relating to the Direct Placement Bonds, the Taxable Loans and the Credit Facilities containing these financial covenants and events of default are available for review on EMMA (http://emma.msrb.org).

Interest Rate Swap Arrangements

The System and/or certain of its affiliates may enter into interest rate swap contracts from time to time to increase or decrease variable rate debt exposure, to achieve a targeted mix of fixed and floating rate indebtedness and for other purposes.

At December 31, 2019, SJHS was party to seven interest rate swap agreements with a current notional amount totaling approximately $436 million and with varying expiration dates. The swap agreements require SJHS to make fixed rate payments in exchange for variable rate payments made by the counterparties. SJHS's payment obligations under such swap agreements are secured by Obligations issued under the Master Indenture.

Below is a summary of those swap agreements, including the fair value of the swaps as of December 31, 2019. Fair values are based on independent valuations obtained and are determined by calculating the value of the discounted cash flows of the differences between the fixed interest rate of the interest rate swaps and the counterparty's forward London Interbank Offered Rate curve, which is the input used in the valuation, also taking into account any nonperformance risk. Changes in the fair value of the interest rate swaps are included within non-operating gains and losses. See also the discussion under "Other Information - Interest Rate Swap Agreements" and Note 7 to the Combined Audited Financial Statements for the fiscal year ended December 31, 2019.

DESCRIPTION	NOTIONAL	TERM	COUNTERPARTY	RECEIVE	PAY	FAIR VALUE
Fixed Payor	$13,550,000	Jul-21	Morgan Stanley	68% of 3 Month LIBOR	3.305%	($288,000)
Fixed Payor	$2,200,000	Jul-20	Morgan Stanley	68% of 3 Month LIBOR	3.189%	($22,000)
Fixed Payor	$173,310,000	Jul-47	MUFG Union	68% of 3 Month LIBOR	3.529%	($59,788,000)
Fixed Payor	$46,015,000	Jul-47	Wells Fargo	68% of 3 Month LIBOR	3.520%	($15,358,000)
Fixed Payor	$64,700,000	Dec-40	Wells Fargo	55.70% of 1 Month LIBOR + 0.23%	3.229%	($13,604,000)
Fixed Payor	$64,750,000	Dec-40	Wells Fargo	55.70% of 1 Month LIBOR + 0.23%	3.229%	($13,588,000)
Fixed Payor	$71,510,000	Dec-40	Wells Fargo	55.70% of 1 Month LIBOR + 0.23%	3.229%	($15,034,000)

Entering into derivative agreements including those described above creates a variety of risks to the System. Pursuant to certain of these agreements, both SJHS and the counterparty are required to deliver collateral in certain circumstances in order to secure their respective obligations under the agreements. As of December 31, 2019, SJHS posted collateral in the amount of approximately $15,322,000. The amount of collateral delivered by SJHS over the term of the agreements could increase or decrease based upon SJHS' credit ratings and movements of United States dollar swap rates and could be substantial. Under certain circumstances, the derivative agreements are subject to termination prior to their scheduled termination date and prior to the maturity of the related revenue bonds. Payments due upon early termination may be substantial. In the event of an early termination of an agreement, there can be no assurance that (i) SJHS or any other Obligated Group Member will receive any termination payment payable to it by the provider, (ii) SJHS or any other Obligated Group Member will have sufficient amounts to pay a termination payment payable by it to the provider, or (iii) SJHS or the other Obligated Group Members will be able to obtain a replacement agreement with comparable terms. For financial reporting purposes, the System has generally not treated its swap agreements as effective hedges against the interest cost of underlying debt. To the extent that swaps are not treated as effective hedges, the System must recognize any changes in the fair market value of the swaps agreements and the related debt as non-operating gains or losses. See Note 7 to the Combined Audited Financial Statements for the fiscal year ended December 31, 2019 attached to this Annual Report.

Litigation

Certain material litigation may result in an adverse outcome to the Obligated Group. Obligated Group Members are involved in litigation and regulatory investigations arising in the course of doing business. After consultation with legal counsel, except as described below, management estimates that these matters will be resolved without material adverse effect on the Obligated Group's future consolidated financial position or results of operations.

In 2019, the U.S. Department of Justice served Swedish Health Services with a Civil Investigative Demand requesting documents pertaining to certain arrangements and joint ventures and physician organizations. Swedish is cooperating with the Department and compiling the responsive documents.

A number of civil actions are pending or threatened against certain affiliates, including Obligated Group Members, alleging medical malpractice. In the opinion of management of Providence, based upon the advice of legal counsel and risk management personnel, the currently estimated costs and related expenses of defense will be within applicable insurance limits or will not materially adversely affect the financial condition or operations of the System.

Employees

As of December 31, 2019, the System included approximately 116,000 employed caregivers (excluding Hoag), representing 104,780 FTEs. Of the total employees in the System, approximately 32 percent are represented by 19 different labor unions.

Providence management provides market-competitive salaries and benefits to all employees in all markets. Management of Providence believes the salary levels and benefits packages for its employees are competitive in all of the respective markets. At the same time, management understands that the health care industry is rapidly evolving. The leadership of each of the separate employers within the System is working to ensure the compensation and benefits are modern and reflect competitive market practices. This will require continued negotiations at the various employers within the System throughout 2020. In the past two years, the System has experienced strikes at different facilities, as a result of contract negotiations. In each situation, the facility operated with qualified replacement employees and did not experience any disruption to hospital operations or patient service, and, ultimately settled the contracts. Management is also aware of ongoing organizing efforts by labor unions within the health care industry, including in markets where the separate employers within the System operates.

Community Benefit

Informed by our community health needs assessments, we make strategic proactive investments in community-focused health and social service programs, health professions education, and research directly responding to unmet needs. In addition, we provide free and discounted care for the uninsured and underinsured to ensure vital access. We also cover the unpaid cost of Medicaid as we care for individuals covered by Medicaid in the communities we serve across seven states.

Building on our commitment to care for those who are poor and vulnerable, we have invested $1.5 billion in community benefit in the fiscal year ended December 31, 2019, compared with $1.6 billion in the same period in 2018. Community benefit spending related to the unpaid costs of Medicaid was $816 million for the fiscal year ended December 31, 2019, compared with $927 million for the same period in 2018. While we decreased the uncompensated costs of Medicaid by $111 million, we served thousands more patients covered by the program.

Insurance

Providence has developed insurance programs that provide coverage for the vast majority of insurable risks. The program uses benchmarking and insurance analytics to guide its decisions regarding both the type of coverage it purchases and the limits of that insurance. The analytics use claims and historical data to estimate the likelihood of certain events occurring such as an earthquake or an anti-trust

claim. The premium for an additional limit can then be compared to the probability of the event to pinpoint when the purchase of an additional insurance limit no longer provides a value to the System. The insurance team and brokers negotiate almost all of the policies directly to obtain the most favorable terms of coverage possible. Policies are also reviewed to ensure no coverage gaps – what is excluded in one policy must be covered by a different policy. Insurers must have an A rating or better from A.M. Best to be on the System program. Management meets with most of its underwriters at least once a year to obtain updates on any changes in business strategy or capacity. Providence currently self-insures a portion of its professional and general liability. Such claims are paid through trust arrangements which are funded to a 75 percent confidence level based on projections from outside independent actuaries. The major lines of insurance that are renewed yearly include property, directors and officers, employment practices, auto, fiduciary, cyber/information security, workers' compensation, crime, and aviation.

Retirement Plans

As described more completely under the caption "Retirement Plans" in Note 8 to the combined audited financial statements included in Exhibit 6, the System currently sponsors defined benefit and contribution plans. Although the System had certain defined benefit plans in place prior to January 1, 2010, in April 2009, the PH&S Board of Directors approved a freeze of the existing defined benefit plans, a cap on the ongoing cash balance interest credit formula, and the implementation of new defined contribution plans referenced within Note 8, all effective December 31, 2009.

The System's remaining unfunded liability with respect to the defined benefit plans increased from approximately 58 percent at December 31, 2018 to 61 percent at December 31, 2019. The increase in the unfunded liability occurred primarily due to a change in the valuation discount rate. The System's contribution to the defined benefit plans was approximately $100 million and $99 million at December 31, 2019 and 2018, respectively.

The System sponsors various defined contribution retirement plans that cover substantially all employees. The plans provide for employer matching contributions in an amount equal to a percentage of employee pretax contributions, up to a maximum amount. In addition, the System makes contributions to eligible employees based on years of service. Retirement expense related to these plans was $500 million and $513 million in December 31, 2019 and 2018, respectively, and is reflected in salaries and benefit expense in the accompanying combined statements of operations.

Accreditation and Memberships

The System's acute care hospital facilities are appropriately licensed by applicable state licensing agencies, certified for Medicare and Medicaid/Medi-Cal reimbursement, and (except Covenant Levelland, Providence Seward Medical Center, Providence Valdez Medical Center and Swedish Issaquah) accredited by The Joint Commission. Each long-term care facility or unit is licensed by applicable state licensing agencies and is appropriately certified for Medicare and Medicaid/Medi-Cal reimbursement.

Glossary of Terms

Credit Group: Obligated Group Members, Designated Affiliates, and Limited Credit Group Participants and Unlimited Credit Group Participants, collectively.

Obligated Group or Obligated Group Members: Obligated Group Members under the Master Indenture and currently:

Providence
PH&S
Providence – Washington
Providence – Southern California
LCMASC
Providence – Saint John's
Providence – SJMC Montana
Providence – Montana
Providence – Oregon
Providence – Western Washington
Swedish
Swedish Edmonds
PacMed
Western HealthConnect
Kadlec
SJHS
St. Joseph Orange
St. Jude
Mission Hospital
St. Mary
Hoag Hospital
SJHNC
Queen of the Valley
Santa Rosa Memorial
St. Joseph Eureka
Redwood Memorial
CHS
CMC
Covenant Children's
Covenant Levelland
Covenant Plainview

Designated Affiliates: Designated Affiliates under the Master Indenture. There are currently no Designated Affiliates.

Limited Credit Group Participants: Limited Credit Group Participants under the Master Indenture. There are currently no Limited Credit Group Participants.

Unlimited Credit Group Participants: Unlimited Credit Group Participants under the Master Indenture. There are currently no Unlimited Credit Group Participants.

CHS: Covenant Health System, a Texas nonprofit corporation and currently an Obligated Group Member.

CMC: Covenant Medical Center, a Texas nonprofit corporation and currently an Obligated Group Member.

Covenant Children's: Methodist Children's Hospital, a Texas nonprofit corporation and currently an Obligated Group Member, doing business as Covenant Children's Hospital.

Covenant Levelland: Methodist Hospital Levelland, a Texas nonprofit corporation and currently an Obligated Group Member, doing business as Covenant Lovelland Hospital.

Covenant Plainview: Methodist Hospital Plainview, a Texas nonprofit corporation and currently an Obligated Group Member, doing business as Covenant Plainview Hospital.

Hoag Hospital: Hoag Memorial Hospital Presbyterian, a California nonprofit public benefit corporation and currently an Obligated Group Member.

Kadlec: Kadlec Regional Medical Center, a Washington nonprofit corporation and currently an Obligated Group Member.

LCMASC: Little Company of Mary Ancillary Services Corporation, a California nonprofit public benefit corporation and currently an Obligated Group Member.

Mission Hospital: Mission Hospital Regional Medical Center, a California nonprofit public benefit corporation and currently an Obligated Group Member.

PacMed: PacMed Clinics, a Washington nonprofit corporation and currently an Obligated Group Member.

PH&S: Providence Health & Services, a Washington nonprofit corporation and currently an Obligated Group Member.

Providence – Montana:	Providence Health & Services – Montana, a Montana nonprofit corporation and currently an Obligated Group Member.
Providence – Oregon:	Providence Health & Services – Oregon, an Oregon nonprofit corporation and currently an Obligated Group Member.
Providence – Saint John's:	Providence Saint John's Health Center, a California nonprofit religious corporation and currently an Obligated Group Member.
Providence – SJMC Montana:	Providence St. Joseph Medical Center, a Montana nonprofit corporation and currently an Obligated Group Member.
Providence – Southern California:	Providence Health System – Southern California, a California nonprofit religious corporation and currently an Obligated Group Member.
Providence – Washington:	Providence Health & Services – Washington, a Washington nonprofit corporation and currently an Obligated Group Member.
Providence – Western Washington:	Providence Health & Services – Western Washington, a Washington nonprofit corporation and currently an Obligated Group Member.
Providence St. Joseph Health, Providence, we, us, our:	Providence St. Joseph Health, a Washington nonprofit corporation and currently an Obligated Group Member and the Obligated Group Agent.
Queen of the Valley:	Queen of the Valley Medical Center, a California nonprofit public benefit corporation and currently an Obligated Group Member.
Redwood Memorial:	Redwood Memorial Hospital of Fortuna, a California nonprofit public benefit corporation and currently an Obligated Group Member.
Santa Rosa Memorial:	Santa Rosa Memorial Hospital, a California nonprofit public benefit corporation and currently an Obligated Group Member.
SJHNC:	St. Joseph Health Northern California, LLC, a California limited liability company and currently an Obligated Group Member.
SJHS:	St. Joseph Health System, a California nonprofit public benefit corporation and currently an Obligated Group Member.
St. Joseph Eureka:	St. Joseph Hospital of Eureka, a California nonprofit public benefit corporation and currently an Obligated Group Member.
St. Joseph Orange:	St. Joseph Hospital of Orange, a California nonprofit public benefit corporation and currently an Obligated Group Member.
St. Jude:	St. Jude Hospital, Inc., a California nonprofit public benefit corporation and currently an Obligated Group Member, doing business as St. Jude Medical Center.
St. Mary:	St. Mary Medical Center, a California nonprofit public benefit corporation and currently an Obligated Group Member.
Swedish:	Swedish Health Services, a Washington nonprofit corporation and currently an Obligated Group Member.
Swedish Edmonds:	Swedish Edmonds, a Washington nonprofit corporation and currently an Obligated Group Member.
System:	Providence and all entities that are included within the combined financial statements of Providence.
Western HealthConnect:	Western HealthConnect, a Washington nonprofit corporation and currently an Obligated Group Member.

Exhibit 5 – Obligated Group Facilities

Exhibit 5.1
Acute Care Facilities by Region

A list of the System's acute care facilities in each region as of December 31, 2019, each of which is owned or operated by an Obligated Group Member, is provided in EXHIBIT 5.1 below.

Region	Obligated Group Member	Facility	Location(s)	Licensed Acute Care Beds*
Alaska				
	Providence Health & Services-Washington	Providence Alaska Medical Center	Anchorage	401
		Providence Kodiak Island Medical Center[1]	Kodiak	25
		Providence Seward Medical and Care Center[1]	Seward	6
		Providence Valdez Medical Center[1]	Valdez	11
Swedish				
	Swedish Edmonds	Swedish Edmonds[2]	Edmonds	217
		Swedish Medical Center Campuses[3]:		
	Swedish Health Services	Swedish Ballard	Ballard	133
		Swedish Issaquah	Issaquah	175
		Swedish Cherry Hill	Seattle	385
		Swedish First Hill	Seattle	697
Washington and Montana				
	Providence Health & Services-Washington	Providence Centralia Hospital	Centralia	128
		Providence Regional Medical Center Everett	Everett	530
		Providence St. Peter Hospital[4]	Olympia	390
	Providence Health & Services-Washington	Providence St. Joseph's Hospital	Chewelah	65
		Providence Mount Carmel Hospital	Colville	55
		Providence Sacred Heart Medical Center and Children's Hospital	Spokane	691
		Providence Holy Family Hospital	Spokane	197
		Providence St. Mary Medical Center	Walla Walla	142
	Kadlec Regional Medical Center	Kadlec Regional Medical Center	Richland	337
	Providence Health & Services-Montana	St. Patrick Hospital	Missoula (MT)	253
	Providence St. Joseph Medical Center	Providence St. Joseph Medical Center	Polson (MT)	22
Oregon				
	Providence Health & Services-Oregon	Providence Hood River Memorial Hospital	Hood River	25
		Providence Medford Medical Center	Medford	168
		Providence Milwaukie Hospital	Milwaukie	77
		Providence Newberg Medical Center	Newberg	40
		Providence Willamette Falls Medical Center	Oregon City	143
		Providence St. Vincent Medical Center	Portland	523
		Providence Portland Medical Center	Portland	483
		Providence Seaside Hospital[5]	Seaside	25

Region	Obligated Group Member	Facility	Location(s)	Licensed Acute Care Beds*
Northern California				
	St. Joseph Health Northern California, LLC.	St. Joseph Hospital	Eureka	153
		Redwood Memorial Hospital	Fortuna	35
		Queen of the Valley Medical Center	Napa	208
		Santa Rosa Memorial Hospital	Santa Rosa	298
Southern California				
	Providence Health System-Southern California	Providence St. Joseph Medical Center	Burbank	392
		Providence Holy Cross Medical Center	Mission Hills	329
		Providence Little Company of Mary Medical Center San Pedro	San Pedro	183
		Providence Tarzana Medical Center	Tarzana	249
		Providence Little Company of Mary Medical Center Torrance	Torrance	327
	Providence Saint John's Health Center	Providence Saint John's Health Center	Santa Monica	266
	St. Mary Medical Center	St. Mary Medical Center	Apple Valley	213
	St. Jude Medical Hospital, Inc.	St. Jude Medical Center	Fullerton	320
		Mission Hospital Regional Medical Center Campuses[6]:		523
	Mission Hospital Regional Medical Center	Mission Hospital Regional Medical Center	Mission Viejo	
		Mission Hospital Laguna Beach	Laguna Beach	
		Hoag Memorial Hospital Presbyterian Campuses[7]:		518
	Hoag Memorial Hospital Presbyterian	Hoag Memorial Hospital Presbyterian	Newport Beach	
		Hoag Hospital Irvine	Irvine	
	St. Joseph Hospital of Orange	St. Joseph Hospital of Orange[8]	Orange	463
Texas				
	Methodist Hospital Levelland	Covenant Hospital Levelland	Levelland	48
		CHS Campuses:		381
	Covenant Health System	Covenant Medical Center	Lubbock	
		Covenant Medical Center - Lakeside	Lubbock	
		Grace Medical Center	Lubbock	123
	Methodist Children's Hospital	Covenant Children's Hospital	Lubbock	275
	Methodist Hospital Plainview	Covenant Hospital Plainview	Plainview	68
TOTAL				**11,716**

* Includes all acute care licensure categories except for normal newborn bassinettes and partial hospitalization psychiatric beds

(1) Leased and/or managed by Providence – Washington
(2) The legal entity Swedish Edmonds operates the hospital under a lease with Public Hospital District No. 2 of Snohomish County
(3) Four campuses with three licenses
(4) Includes a 50-bed chemical dependency center
(5) Leased to and managed by Providence – Oregon
(6) Two campuses on one license, including 36 acute care psychiatric beds in Laguna Beach
(7) Two campuses on one license
(8) Includes 37 acute care psychiatric beds

The System's principal owned or leased long-term care facilities as of December 31, 2019 is shown in EXHIBIT 5.2 is the table below.

Exhibit 5.2
Long-Term Care Facilities by Region

Region	Obligated Group Member	Facility	Location(s)	Licensed Long-Term Care Beds
Facilities Owned or Leased By Obligated Group Members:				
Alaska				
	Providence Health & Services-Washington	Providence Kodiak Island Medical Center[1]	Kodiak	22
		Providence Seward Medical and Care Center[1]	Seward	40
		Providence Valdez Medical Center[1]	Valdez	10
		Providence Extended Care	Anchorage	96
		Providence Transitional Care Center	Anchorage	50
Washington and Montana				
	Providence Health & Services-Washington	Providence Marionwood	Issaquah	117
		Providence Mother Joseph Care Center	Olympia	152
		Providence Mount St. Vincent	Seattle	215
	Providence Health & Services-Washington	Providence St. Joseph Care Center	Spokane	113
Oregon				
	Providence Health & Services-Oregon	Providence Benedictine Nursing Center[2]	Mt. Angel	98
		Providence Child Center	Portland	58
Northern California				
	St. Joseph Health Northern California, LLC.	Santa Rosa Memorial Hospital	Santa Rosa	31
Southern California				
	Providence Health System-Southern California	Providence Holy Cross Medical Center	Mission Hills	48
		Providence Little Company of Mary Subacute Care Center San Pedro	San Pedro	125
		Providence Little Company of Mary Transitional Care Center	Torrance	115
		Providence St. Elizabeth Care Center	North Hollywood	52
Texas				
	Covenant Health System	Covenant Long-term Acute Care	Lubbock	56
TOTAL				**1,398**

[1] Leased and/or managed by Providence - Washington
[2] Also includes 15 adult foster care units

Exhibit 6 – Supplementary Information and Audited Consolidated Financial Statements

[ATTACHED]

Providence

EXHIBIT 6.1 - SUMMARY AUDITED COMBINED STATEMENTS OF OPERATIONS

	Ended December 31, 2019 (in 000's of dollars)		Ended December 31, 2018 (in 000's of dollars)	
	Consolidated	Obligated	Consolidated	Obligated
Operating Revenues:				
Net Patient Service Revenues	$ 19,882,771	18,942,163	18,997,848	18,327,589
Premium Revenues	2,375,699	218,721	2,980,937	189,208
Capitation Revenues	1,514,449	682,235	1,378,117	562,518
Other Revenues	1,252,498	1,131,482	1,071,354	1,016,425
Total Operating Revenues	25,025,417	20,974,601	24,428,256	20,095,740
Operating Expenses:				
Salaries and Benefits	12,172,125	10,867,963	11,882,729	10,642,687
Supplies	3,697,745	3,422,267	3,562,637	3,311,462
Purchased Healthcare Services	2,049,290	390,689	2,413,977	234,808
Interest, Depreciation, and Amortization	1,344,735	1,253,021	1,360,025	1,273,213
Purchased Services, Professional Fees, and Other	5,388,494	4,049,638	5,043,347	3,866,686
Total Operating Expenses Before Restructuring Costs	24,652,389	19,983,578	24,262,715	19,328,856
Excess of Revenues Over Expenses from Operations Before Restructuring Costs	373,028	991,023	165,542	766,885
Restructuring Costs	158,729	158,729	162,146	162,146
Excess of Revenues Over Expenses From Operations	214,299	832,294	3,396	604,739
Net Non-operating Gains (Losses)	1,144,047	972,747	(447,788)	(422,537)
Excess (Deficit) of Revenues Over Expenses	$ 1,358,346	1,805,041	(444,393)	182,201

EXHIBIT 6.2 - SUMMARY AUDITED COMBINED STATEMENTS OF CASH FLOWS

	Ended December 31, 2019 (in 000's of dollars)		Ended December 31, 2018 (in 000's of dollars)	
	Consolidated	Obligated	Consolidated	Obligated
Net Cash Provided by Operating Activities	$ 963,361	2,457,092	1,348,012	1,834,510
Net Cash Used in Investing Activities	(1,474,810)	(2,325,152)	(1,233,858)	(884,078)
Net Cash Provided by (Used in) Financing Activities	230,261	(525,550)	112,054	(710,270)
(Decrease) Increase in Cash and Cash Equivalents	(281,188)	(393,610)	226,208	240,162
Cash and Cash Equivalents, Beginning of Period	1,597,397	1,027,088	1,371,189	786,926
Cash and Cash Equivalents, End of Period	$ 1,316,209	633,478	1,597,397	1,027,088

EXHIBIT 6.3 - SUMMARY AUDITED NET PATIENT REVENUE PAYOR MIX

	Ended December 31, 2019 (in 000's of dollars)		Ended December 31, 2018 (in 000's of dollars)	
	Consolidated	Obligated	Consolidated	Obligated
Commercial	50%	49%	49%	49%
Medicare	32%	32%	32%	32%
Medicaid	15%	16%	17%	16%
Self-pay and Other	3%	3%	2%	3%

Providence

EXHIBIT 6.4 - SUMMARY AUDITED COMBINED BALANCE SHEETS

	As of December 31, 2019 (in 000's of dollars)		As of December 31, 2018 (in 000's of dollars)	
	Consolidated	Obligated	Consolidated	Obligated
Current Assets:				
Cash and Cash Equivalents	$ 1,316,209	633,478	1,597,397	1,027,088
Accounts Receivable, Net	2,400,037	2,255,555	2,256,807	2,126,654
Supplies Inventory	283,256	271,513	293,259	281,923
Other Current Assets	1,232,738	1,168,026	857,596	789,070
Current Portion of Assets Whose Use is Limited	701,720	341,065	653,722	338,778
Total Current Assets	5,933,960	4,669,637	5,658,781	4,563,513
Assets Whose Use is Limited	10,854,956	8,183,847	9,599,278	7,144,631
Property, Plant, and Equipment, Net	10,977,989	10,435,875	10,870,578	10,286,917
Other Assets	2,785,088	3,177,694	1,300,183	1,932,833
Total Assets	$ 30,551,993	26,467,053	27,428,820	23,927,894
Current Liabilities:				
Current Portion of Long-Term Debt	$ 85,111	80,924	300,096	296,115
Master Trust Debt Classified as Short-Term	205,240	205,240	110,000	110,000
Accounts Payable	1,034,992	909,251	1,097,689	983,562
Accrued Compensation	1,145,308	1,057,534	1,202,269	1,109,270
Other Current Liabilities	2,427,583	1,780,475	1,835,023	1,187,849
Total Current Liabilities	4,898,234	4,033,424	4,545,077	3,686,796
Long-Term Debt, Net of Current Portion	6,393,194	6,280,796	6,257,868	6,125,953
Pension Benefit Obligation	1,093,830	1,093,830	1,065,098	1,065,098
Other Liabilities	2,291,687	1,223,193	1,169,817	484,017
Total Liabilities	14,676,945	12,631,243	13,037,860	11,361,864
Net Assets:				
Controlling Interests	14,344,233	12,911,678	12,988,247	11,739,238
Noncontrolling Interests	149,783	(475)	167,908	-
Net Assets Without Donor Restrictions	14,494,016	12,911,203	13,156,155	11,739,238
Net Assets With Donor Restrictions	1,381,032	924,607	1,234,805	826,792
Total Net Assets	15,875,048	13,835,810	14,390,960	12,566,030
Total Liabilities and Net Assets	$ 30,551,993	26,467,053	27,428,820	23,927,894

Providence

EXHIBIT 6.5 - KEY PERFORMANCE METRICS

	Ended December 31, 2019		Ended December 31, 2018	
	Consolidated	Obligated	Consolidated	Obligated
Inpatient Admissions	506,581	496,847	513,841	504,405
Acute Patient Days	2,464,462	2,413,118	2,441,202	2,395,267
Acute Outpatient Visits	12,862,964	12,099,750	12,481,103	11,796,227
Primary Care Visits	13,071,341	8,418,009	13,153,980	8,803,761
Inpatient Surgeries	219,945	213,959	223,367	217,394
Outpatient Surgeries	479,339	353,617	466,727	343,242
Long-Term Care Admissions	8,056	7,664	8,642	8,189
Long-Term Care Patient Days	401,925	391,803	413,477	401,861
Long-Term Care Average Daily Census	238	210	243	211
Home Health Visits	1,367,849	884,553	1,280,207	850,032
Hospice Days	1,027,037	605,087	902,781	581,857
Housing and Assisted Living Days	619,485	241,802	622,805	247,419
Health Plan Members	648,865	n/a	648,331	n/a
Acute Average Daily Census	6,752	6,611	6,688	6,562
Acute Licensed Beds	11,908	11,576	11,925	11,593
FTEs	104,780	92,318	105,114	93,584
Historical Debt Service Coverage Ratio	5.11	6.56	2.76	3.55

Providence

EXHIBIT 6.6 - SUMMARY AUDITED COMBINING STATEMENTS OF OPERATIONS BY REGION

	Ended December 31, 2019 (in 000's of dollars)								
	Alaska	Swedish	Washington/ Montana	Oregon	Northern California	Southern California	West Texas/ Eastern New Mexico	Other/ Eliminations	Consolidated
Operating Revenues:									
Net Patient Service Revenues	$ 877,338	2,641,782	4,510,769	2,624,318	1,415,332	6,127,283	1,143,386	542,563	19,882,771
Premium Revenues	-	-	-	2,306,962	-	-	-	68,737	2,375,699
Capitation Revenues	-	-	154,844	14,022	75,252	1,269,847	-	484	1,514,449
Other Revenues	59,533	132,957	256,500	316,435	50,143	322,306	61,027	53,597	1,252,498
Total Operating Revenues	936,871	2,774,739	4,922,113	5,261,737	1,540,727	7,719,436	1,204,413	665,381	25,025,417
Operating Expenses:									
Salaries and Benefits	354,314	1,310,865	2,245,480	1,740,628	602,681	2,774,572	505,404	2,638,181	12,172,125
Supplies	115,575	453,517	804,344	521,441	207,974	1,066,488	223,757	304,649	3,697,745
Purchased Healthcare Services	1,260	3,040	101,013	1,331,776	48,868	554,460	-	8,873	2,049,290
Interest, Depreciation, and Amortization	57,940	150,757	182,056	120,166	65,319	380,079	61,192	327,226	1,344,735
Purchased Services, Professional Fees, and Other	286,579	849,017	1,581,826	1,357,289	585,364	2,932,384	342,462	(2,546,427)	5,388,494
Total Operating Expenses Before Restructuring Costs	815,668	2,767,196	4,914,719	5,071,300	1,510,206	7,707,983	1,132,815	732,502	24,652,389
Excess of Revenues Over Expenses from Operations Before Restructuring Costs	121,203	7,543	7,394	190,437	30,521	11,453	71,598	(67,121)	373,028
Restructuring Costs	-	-	-	-	-	-	-	158,729	158,729
Excess (Deficit) of Revenues Over Expenses From Operations	121,203	7,543	7,394	190,437	30,521	11,453	71,598	(225,850)	214,299
Net Non-operating (Losses) Gains	110,478	69,221	122,939	222,208	56,197	410,146	22,074	130,784	1,144,047
Excess (Deficit) of Revenues Over Expenses	$ 231,681	76,764	130,333	412,645	86,718	421,599	93,672	(95,066)	1,358,346

Providence

EXHIBIT 6.7 - SUMMARY AUDITED COMBINING BALANCE SHEETS BY REGION

	As of December 31, 2019 (in 000's of dollars)								
	Alaska	Swedish	Washington/ Montana	Oregon	Northern California	Southern California	West Texas/ Eastern New Mexico	Other/ Eliminations	Consolidated
Current Assets:									
Cash and Cash Equivalents	$ 519,188	62,777	105,296	806,070	19,512	(736,994)	186,515	353,845	1,316,209
Accounts Receivable, Net	133,353	400,658	547,162	266,724	153,238	756,109	154,290	(11,497)	2,400,037
Supplies Inventory	15,783	40,957	57,201	46,762	21,729	74,821	16,435	9,568	283,256
Other Current Assets	26,777	161,352	829,791	200,861	81,953	415,198	(5,835)	(477,359)	1,232,738
Current Portion of Assets Whose Use is Limited	-	-	-	-	754	18,527	-	682,439	701,720
Total Current Assets	695,101	665,744	1,539,450	1,320,417	277,186	527,661	351,405	556,996	5,933,960
Assets Whose Use is Limited	883,563	580,385	957,865	2,152,635	421,197	3,271,099	258,938	2,329,274	10,854,956
Property, Plant, and Equipment, Net	430,181	1,276,214	1,612,001	1,088,080	712,532	3,973,988	544,071	1,340,922	10,977,989
Other Assets	76,635	358,478	330,472	152,802	30,299	1,154,779	114,944	566,679	2,785,088
Total Assets	$ 2,085,480	2,880,821	4,439,788	4,713,934	1,441,214	8,927,527	1,269,358	4,793,871	30,551,993
Current Liabilities:									
Current Portion of Long-Term Debt	37	5,722	891	151	42,727	51,646	15,230	(31,293)	85,111
Master Trust Debt Classified as Short-Term	-	-	-	-	-	84,662	-	120,578	205,240
Accounts Payable	20,640	92,204	136,656	109,303	47,134	340,080	32,181	256,794	1,034,992
Accrued Compensation	28,153	98,496	187,519	132,179	43,262	264,677	48,992	342,030	1,145,308
Other Current Liabilities	22,524	221,782	390,952	465,629	80,946	668,510	66,718	510,522	2,427,583
Total Current Liabilities	71,354	418,204	716,018	707,262	214,069	1,409,575	163,121	1,198,631	4,898,234
Long-Term Debt, Net of Current Portion	224,864	989,608	1,116,765	135,814	310,321	1,938,510	329,957	1,347,355	6,393,194
Pension Benefit Obligation	-	377,125	-	9,065	-	-	-	707,640	1,093,830
Other Liabilities	52,955	277,292	115,057	120,751	22,384	614,647	62,412	1,026,189	2,291,687
Total Liabilities	$ 349,173	2,062,229	1,947,840	972,892	546,774	3,962,732	555,490	4,279,815	14,676,945
Net Assets:									
Controling Interests	1,713,370	705,740	2,422,290	3,494,941	832,064	4,103,626	642,816	429,386	14,344,233
Noncontroling Interests	383	2,276	-	515	-	114,820	26,761	5,028	149,783
Net Assets Without Donor Restrictions	1,713,753	708,016	2,422,290	3,495,456	832,064	4,218,446	669,577	434,414	14,494,016
Net Assets With Donor Restrictions	22,554	110,576	69,658	245,586	62,376	746,349	44,291	79,642	1,381,032
Total Net Assets	1,736,307	818,592	2,491,948	3,741,042	894,440	4,964,795	713,868	514,056	15,875,048
Total Liabilities and Net Assets	$ 2,085,480	2,880,821	4,439,788	4,713,934	1,441,214	8,927,527	1,269,358	4,793,871	30,551,993

Providence

EXHIBIT 6.8 - KEY PERFORMANCE METRICS BY REGION

	As of December 31, 2019							
	Alaska	Swedish	Washington/ Montana	Oregon	Northern California	Southern California	West Texas/ Eastern New Mexico	Consolidated
Inpatient Admissions	16,333	60,291	126,838	61,991	29,703	185,286	26,139	506,581
Acute Patient Days	119,299	296,910	659,085	315,720	153,235	787,907	132,306	2,464,462
Acute Outpatient Visits	466,929	739,939	3,173,243	3,487,974	733,771	3,569,488	691,620	12,862,964
Primary Care Visits	110,664	1,769,432	3,896,200	2,384,306	605,171	3,573,213	599,199	13,071,341
Inpatient Surgeries	8,294	29,348	59,742	30,000	8,439	75,704	8,418	219,945
Outpatient Surgeries	11,400	55,972	122,966	129,575	16,054	117,741	25,631	479,339
Long-Term Care Patient Days	59,477	n/a	5,163	44,828	n/a	81,028	10,122	401,925
Home Health Visits	14,557	n/a	5,677	319,578	53,712	n/a	n/a	1,367,849
Hospice Days	24,043	n/a	n/a	203,546	116,817	438	64,862	1,027,037
Housing and Assisted Living Days	29,182	n/a	26,917	141,295	n/a	n/a	n/a	619,485
Health Plan Members	n/a	n/a	n/a	648,865	n/a	n/a	n/a	648,865
Average Daily Census	327	813	1,806	865	420	2,159	362	6,752
Acute Licensed Beds	485	1,607	2,810	1,484	774	3,853	895	11,908
FTEs	3,724	10,731	21,442	16,912	5,003	26,162	5,626	104,780

PROVIDENCE ST. JOSEPH HEALTH

Combined Financial Statements

December 31, 2019 and 2018

(With Independent Auditors' Report Thereon)

KPMG LLP
Suite 2900
1918 Eighth Avenue
Seattle, WA 98101

Independent Auditors' Report

The Board of Directors
Providence St. Joseph Health:

We have audited the accompanying combined financial statements of Providence St. Joseph Health, which comprise the combined balance sheets as of December 31, 2019 and 2018, and the related combined statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Providence St. Joseph Health as of December 31, 2019 and 2018, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Emphasis of Matter

As discussed in Note 1 to the combined financial statements, in 2019, Providence St. Joseph Health adopted new accounting guidance in Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842). Our opinion is not modified with respect to this matter.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The Obligated Group Combining Balance Sheets and Statements of Operations Information included on pages 36 and 37 are presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

KPMG LLP

Seattle, Washington
March 4, 2020

PROVIDENCE ST. JOSEPH HEALTH

Combined Balance Sheets

December 31, 2019 and 2018

(In millions of dollars)

Assets		2019	2018
Current assets:			
Cash and cash equivalents	$	1,316	1,597
Accounts receivable, less allowance for bad debts of $0 and $119, respectively		2,400	2,257
Supplies inventory		283	293
Other current assets		1,233	858
Current portion of assets whose use is limited		702	654
Total current assets		5,934	5,659
Assets whose use is limited		10,855	9,599
Property, plant, and equipment, net		10,978	10,871
Operating lease right-of-use assets		1,240	—
Other assets		1,545	1,300
Total assets	$	30,552	27,429
Liabilities and Net Assets			
Current liabilities:			
Current portion of long-term debt	$	85	300
Master trust debt classified as short-term		205	110
Accounts payable		1,035	1,098
Accrued compensation		1,145	1,202
Current portion of operating lease right-of-use liabilities		267	—
Other current liabilities		2,161	1,835
Total current liabilities		4,898	4,545
Long-term debt, net of current portion		6,393	6,258
Pension benefit obligation		1,094	1,065
Long-term operating lease right-of-use liabilities, net of current portion		1,167	—
Other liabilities		1,125	1,170
Total liabilities		14,677	13,038
Net assets:			
Controlling interests		14,344	12,988
Noncontrolling interests		150	168
Net assets without donor restrictions		14,494	13,156
Net assets with donor restrictions		1,381	1,235
Total net assets		15,875	14,391
Total liabilities and net assets	$	30,552	27,429

See accompanying notes to combined financial statements.

PROVIDENCE ST. JOSEPH HEALTH

Combined Statements of Operations

Years ended December 31, 2019 and 2018

(In millions of dollars)

	2019	2018
Operating revenues:		
Net patient service revenues	$ 19,883	19,109
Provision for bad debts	—	(111)
Net patient service revenues less provision for bad debts	19,883	18,998
Premium revenues	2,376	2,981
Capitation revenues	1,514	1,378
Other revenues	1,252	1,071
Total operating revenues	25,025	24,428
Operating expenses:		
Salaries and benefits	12,172	11,883
Supplies	3,698	3,563
Purchased healthcare services	2,049	2,414
Interest, depreciation, and amortization	1,345	1,360
Purchased services, professional fees, and other	5,388	5,043
Total operating expenses before restructuring costs	24,652	24,263
Excess of revenue over expenses from operations before restructuring costs	373	165
Restructuring costs	159	162
Excess of revenue over expenses from operations	214	3
Net nonoperating gains (losses):		
Loss on extinguishment of debt	(14)	(6)
Investment income (loss), net	1,285	(366)
Other	(127)	(76)
Total net nonoperating gains (losses)	1,144	(448)
Excess (deficit) of revenues over expenses	$ 1,358	(445)

See accompanying notes to combined financial statements.

PROVIDENCE ST. JOSEPH HEALTH

Combined Statements of Changes in Net Assets

Years ended December 31, 2019 and 2018

(In millions of dollars)

	Without donor restrictions			
	Controlling interests	Noncontrolling interests	With donor restrictions	Total net assets
Balance, December 31, 2017	$ 13,366	179	1,201	14,746
(Deficit) excess of revenues over expenses	(469)	24	—	(445)
Contributions, grants, and other	85	(35)	145	195
Net assets released from restriction	35	—	(111)	(76)
Pension related changes	(29)	—	—	(29)
(Decrease) increase in net assets	(378)	(11)	34	(355)
Balance, December 31, 2018	12,988	168	1,235	14,391
Excess of revenues over expenses	1,313	45	—	1,358
Contributions, grants, and other	32	(63)	256	225
Net assets released from restriction	56	—	(110)	(54)
Pension related changes	(45)	—	—	(45)
Increase (decrease) in net assets	1,356	(18)	146	1,484
Balance, December 31, 2019	$ 14,344	150	1,381	15,875

See accompanying notes to combined financial statements.

PROVIDENCE ST. JOSEPH HEALTH

Combined Statements of Cash Flows

Years ended December 31, 2019 and 2018

(In millions of dollars)

	2019	2018
Cash flows from operating activities:		
Increase (decrease) in net assets	$ 1,484	(355)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:		
Depreciation and amortization	1,076	1,083
Provision for bad debt	—	111
Loss on extinguishment of debt	14	6
Restricted contributions and investment income received	(256)	(145)
Net realized and unrealized (gains) losses on investments	(1,139)	487
Changes in certain current assets and current liabilities	(54)	176
Change in certain long-term assets and liabilities	(162)	(15)
Net cash provided by operating activities	963	1,348
Cash flows from investing activities:		
Property, plant, and equipment additions, net of disposals	(1,188)	(857)
(Purchases) sales of securities, net	(389)	(71)
Purchases of alternative investments and commingled funds	(604)	(679)
Proceeds from sales of alternative investments and commingled funds	848	415
Other investing activities	(142)	(42)
Net cash used in investing activities	(1,475)	(1,234)
Cash flows from financing activities:		
Proceeds from restricted contributions and restricted income	256	145
Debt borrowings	1,497	566
Debt payments	(1,453)	(608)
Other financing activities	(69)	9
Net cash provided by financing activities	231	112
(Decrease) increase in cash and cash equivalents	(281)	226
Cash and cash equivalents, beginning of year	1,597	1,371
Cash and cash equivalents, end of year	$ 1,316	1,597
Supplemental disclosure of cash flow information:		
Cash paid for interest, net of amounts capitalized	$ 276	277

See accompanying notes to combined financial statements.

(1) Basis of Presentation and Significant Accounting Policies

(a) Reporting Entity

Providence St. Joseph Health (the Health System), a Washington nonprofit corporation, is the sole corporate member of Providence Health & Services (PHS) and the St. Joseph Health System (SJHS). PHS, a Washington nonprofit corporation, is a Catholic healthcare system sponsored by the public juridic person, Providence Ministries. SJHS, a California nonprofit public benefit corporation, is a Catholic healthcare system sponsored by the public juridic person, St. Joseph Health Ministry.

The Health System seeks to improve the health of the communities it serves, especially the poor and vulnerable. The Health System operations include 51 hospitals and a comprehensive range of services provided across Alaska, California, Montana, New Mexico, Oregon, Texas, and Washington. The Health System also provides population health management through various affiliated licensed insurers and other risk-bearing entities.

The Health System has been recognized as exempt from federal income taxes, except on unrelated business income, under Section 501(a) of the Internal Revenue Code (IRC) as an organization described in Section 501(c)(3) and further described as a public charitable organization under Section 509(a)(3). PHS, SJHS, and substantially all of the various corporations within the Health System have been granted exemptions from federal income tax under Section 501(a) of the Internal Revenue Code as charitable organizations described in Section 501(c)(3). During 2019 and 2018, the Health System did not record any liability for unrecognized tax benefits.

The accompanying combined balance sheets and related combined statements of operations, changes in net assets, and cash flows reflect the Health System's financial position and results of operations as of and for the years ended December 31, 2019 and 2018.

(b) Basis of Presentation

The accompanying combined financial statements of the Health System were prepared in accordance with U.S. generally accepted accounting principles and include the assets, liabilities, revenues, and expenses of all wholly owned affiliates, majority-owned affiliates over which the Health System exercises control, and, when applicable, entities in which the Health System has a controlling financial interest. Intercompany balances and transactions have been eliminated in combination.

(c) Performance Indicator

The performance indicator is the excess (deficit) of revenues over expenses. Changes in unrestricted net assets that are excluded from the performance indicator include net assets released from restriction for the purchase of property, plant, and equipment, certain changes in funded status of pension and other postretirement benefit plans, restricted contributions from affiliations, net changes in noncontrolling interests in combined joint ventures, and certain other activities.

(d) Operating and Nonoperating Activities

The Health System's primary mission is to meet the healthcare needs in its market areas through a broad range of general and specialized healthcare services, including inpatient acute care, outpatient services, physician services, long-term care, population health management, and other healthcare and health insurance services. Activities directly associated with the furtherance of this mission are considered to be operating activities. Other activities that result in gains or losses peripheral to the Health System's primary mission are considered to be nonoperating. Nonoperating activities include investment earnings, gains or losses from debt extinguishment, certain pension related costs, gains or losses on interest rate swaps, and certain other activities.

(e) Restructuring Costs

Restructuring costs were recorded during the years ended December 31, 2019 and 2018. The amounts were comprised of severance, consulting expenses and asset impairment related to restructuring initiatives.

(f) Use of Estimates and Assumptions

The preparation of the combined financial statements in conformity with U.S. generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses during the reporting periods. Significant estimates and assumptions are used for, but not limited to: (1) allowance for contractual revenue adjustments; (2) allowance for bad debts in 2018; (3) fair value of acquired assets and assumed liabilities in business combinations; (4) fair value of investments; (5) reserves for self-insured healthcare plans; and (6) reserves for professional, workers' compensation and general insurance liability risks.

The accounting estimates used in the preparation of the combined financial statements will change as new events occur, additional information is obtained or the operating environment changes. Assumptions and the related estimates are updated on an ongoing basis and external experts may be employed to assist in the evaluation, as considered necessary. Actual results could materially differ from those estimates.

(g) Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with an original or remaining maturity of three months or less when acquired.

(h) Supplies Inventory

Supplies inventory is stated at the lower of cost (first-in, first-out) or market.

(i) Investments Including Assets Whose Use Is Limited

The Health System has classified all of its investments as trading securities. These investments are reported on the combined balance sheets at fair value on a trade-date basis.

(In millions of dollars)

Assets whose use is limited primarily include assets held by trustees under indenture agreements, self-insurance funds, funds held for the payment of health plan medical claims and other statutory reserve requirements, assets held by related foundations, and designated assets set aside by management of the Health System for future capital improvements and other purposes, over which management retains control.

(j) Liquidity

Cash and cash equivalents and accounts receivable are the primary liquid resources used by the Health System to meet expected expenditure needs within the next year. The Health System has credit facility programs, as described in Note 7, available to meet unanticipated liquidity needs. Although intended to satisfy long-term obligations, management estimates that approximately 68% of noncurrent investments, as stated at December 31, 2019, could be utilized within the next year if needed.

(k) Derivative Instruments

The Health System allows certain investment managers to use derivative financial instruments (futures and forward currency contracts) to manage interest rate risk related to the Health System's fixed-income holdings. Also, the Health System uses derivative financial instruments (interest rate swaps) to manage its interest rate exposure and overall cost of borrowing. The interest rate swap agreements do not meet the criteria for hedge accounting and all changes in the valuation are recognized as a component of net nonoperating gains (losses) in the accompanying combined statements of operations.

(l) Net Assets

Net assets without donor restrictions are those that are not subject to donor-imposed stipulations. Amounts related to the Health System's noncontrolling interests in certain joint ventures are included in net assets without donor restrictions.

Net assets with donor restrictions are those whose use by the Health System has been limited by donors to a specific time period, in perpetuity, and/or purpose.

Net assets with donor restrictions are available for the following purposes as of December 31:

		2019	2018
Program support	$	1,046	903
Capital acquisition		228	211
Low-income housing and other		107	121
Total net assets with donor restrictions	$	1,381	1,235

(m) Donor-Restricted Gifts

Unconditional promises to give cash and other assets to the Health System are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the promise to give is no longer conditional. The gifts are reported as

contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When the terms of a donor restriction are met, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported as other operating revenues in the combined statements of operations or as net assets released from restriction in the combined statements of changes in net assets.

(n) Charity Care and Community Benefit

The Health System provides community benefit activities that address significant health priorities within its geographic service areas. These activities include Medicaid and Medicare shortfalls, community health services, education and research, and free and low-cost care (charity care).

Charity care is reported at cost and is determined by multiplying the charges incurred at established rates for services rendered by the Health System's cost-to-charge ratio. The cost of charity care provided by the Health System for the years ended December 31, 2019 and 2018 was $303.

(o) Subsequent Events

The Health System has performed an evaluation of subsequent events through March 4, 2020, the date the accompanying combined financial statements were issued.

(p) New Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The ASU replaces most existing revenue recognition guidance. The ASU was adopted on January 1, 2018 using the cumulative effect method for those contracts that were not substantially completed as of January 1, 2018. Results for reporting periods beginning on or after January 1, 2018 are presented under Topic 606, while prior period amounts continue to be presented in accordance with the Health System's historical accounting under *Revenue Recognition (Topic 605)*. The adoption of the ASU primarily changed the Health System's presentation of revenues and the provision and allowance for bad debts. The ASU requires revenue to be recognized based on the Health System's estimate of the transaction price the Health System expects to collect as a result of satisfying its performance obligations. Accordingly, for performance obligations satisfied after January 1, 2018, the Health System no longer separately presents a provision for bad debts on the combined statements of operations or the related allowance for bad debts on the combined balance sheets. However, as a result of the Health System's election to apply the ASU only to contracts not substantially completed as of January 1, 2018, the Health System continued to maintain an allowance for bad debts related to performance obligations satisfied prior to January 1, 2018. Changes to the allowance for bad debts, other than the write-offs of uncollectable accounts, are recorded through the provision for bad debts on the combined statements of operations in accordance with Topic 605 continuing into 2018. The adoption of Topic 606 did not have a significant impact on the recognition of net patient services revenues.

In January 2016, the FASB issued ASU 2016-01, *Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities*, which updates certain aspects of recognition, measurement, presentation and disclosure of financial instruments. The Health

System implemented ASU 2016-01 for the fiscal year beginning January 1, 2018. The provisions of the standard did not have a material impact on the combined financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which requires lessees to recognize a lease liability and a right-of-use (ROU) asset for all lease obligations with exception to short-term leases. The lease liability will represent the lessee's obligation to make lease payments arising from the lease measured on a discounted basis and the ROU asset will represent the lessee's right to use or control the use of a specified asset for a lease term. The lease guidance also simplifies accounting for sale-leaseback transactions. Topic 842 is effective for the Health System beginning on January 1, 2019. In 2019, the FASB updated its guidance allowing entities to adopt the provisions of the standard prospectively without adjusting comparative periods. The Health System elected this option. The Health System elected to apply the packages of practical expedients to not reassess prior conclusions related to contracts containing leases, lease classification, and initial direct costs. Additionally, the Health System elected to apply the hindsight practical expedient, which allows entities to use hindsight in determining the lease term and in assessing impairment. In 2019, the Health System recorded initial ROU assets, offset by existing deferred rent, of approximately $1.4 billion and lease liabilities of approximately $1.6 billion on its combined balance sheets.

In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, with the intent of reducing diversity in reporting practice, reduce complexity, and enhance understandability of not-for-profit (NFP) financial statements. This ASU contains the following key aspects; (A) reduces the number of net asset classes presented from three to two: with donor restrictions and without donor restrictions; (B) requires all NFPs to present expenses by their functional and their natural classifications in one location in the financial statements; (C) requires NFPs to provide quantitative and qualitative information about management of liquid resources and availability of financial assets to meet cash needs within one year of the balance sheet date; and (D) retains the options to present operating cash flows in the statement of cash flows using either the direct or indirect method. The Health System implemented ASU 2016-14 as of January 1, 2018. The impact of adoption resulted in enhanced disclosures about the classification of expenses and management of liquid resources.

In November 2016, the FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash,* which requires the amounts generally described as restricted cash and restricted cash equivalents to be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The Health System adopted ASU 2016-18 in 2019 and the provisions of the standard did not have an impact on the combined financial statements.

In August 2018, the FASB issued ASU 2018-15, *Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement that is a Service Contract,* which requires implementation costs incurred by customers in cloud computing arrangements to be deferred and recognized over the term of the arrangement, if those costs would be capitalized in a software licensing arrangement under internal-use software guidance in *Accounting Standards Codification Topic 350-40, Intangibles – Goodwill and Other-Internal-Use Software.* The Health System adopted ASU 2018-15 in 2019 and the provisions of the standard did not have a material impact on the combined financial statements.

In May 2019, the FASB issued ASU 2019-06, *Extending the Private Company Accounting Alternatives on Goodwill and Certain Identifiable Intangible Assets to Not-for-Profit entities,* which provides optional alternatives to goodwill and certain intangible assets acquired in a business combination. The alternatives are intended to (1) reduce the frequency of impairment tests; (2) simplify the impairment test when it is required; and (3) result in recognition of fewer intangible assets in future business combinations. The Health System is currently evaluating the impact of this ASU.

(q) Reclassifications

Certain reclassifications, which have no impact on net assets or changes in net assets, have been made to prior year amounts to conform to the current year presentation.

(2) Revenue Recognition

(a) Net Patient Service Revenues

The Health System has agreements with governmental and other third-party payors that provide for payments to the Health System at amounts different from established charges. Payment arrangements for major third-party payors may be based on prospectively determined rates, reimbursed cost, discounted charges, per diem payments, or other methods.

Net patient service revenues are recognized at the time services are provided to patients. Revenue is recorded in the amount which the Health System expects to collect, which may include variable components. Variable consideration is included in the transaction price to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Adjustments from finalization of prior years' cost reports and other third-party settlement estimates resulted in an increase in net patient service revenues of $26 and $6 for the years ended December 31, 2019 and 2018, respectively.

Various states in which the Health System operates have instituted a provider tax on certain patient service revenues at qualifying hospitals to increase funding from other sources and obtain additional Federal funds to support increased payments to providers of Medicaid services. The taxes are included in purchased services, professional fees, and other expenses in the accompanying combined statements of operations and were $597 and $591 for the years ended December 31, 2019 and 2018, respectively. These programs resulted in enhanced payments from these states in the way of lump-sum payments and per claim increases. These enhanced payments are included in net patient service revenues in the accompanying combined statements of operations and were $942 and $894 for the years ended December 31, 2019 and 2018, respectively.

(b) Premium and Capitation Revenues

Premium and capitation revenues are received on a prepaid basis and are recognized as revenue ratably over the period for which the enrolled member is entitled to healthcare services. The timing of the Health System's performance may differ from the timing of the payment received, which may result in the recognition of a contract asset or a contract liability. The balance of contract liabilities was $24 and $29 as of December 31, 2019 and 2018, respectively. The Health System has no material contract assets.

(In millions of dollars)

(c) Allowance for Bad Debts

As a result of adopting ASU 2014-09 as described in Note 1, the Health System continued to maintain an allowance for bad debts related to performance obligations satisfied prior to January 1, 2018. These accounts have all been fully resolved, therefore the allowance for bad debts has declined to $0 as of December 31, 2019.

The Health System provided for an allowance against patient accounts receivable for amounts that could become uncollectible. The Health System estimated this allowance based on the aging of accounts receivable, historical collection experience by payor, and other relevant factors. There are various factors that can impact the collection trends, such as changes in the economy, which in turn have an impact on unemployment rates and the number of uninsured and underinsured patients, the increased burden of copayments to be made by patients with insurance coverage and business practices related to collection efforts. These factors continuously change and can have an impact on collection trends and the estimation process used by the Health System. The Health System records a provision for bad debts in the period of services on the basis of past experience, which has historically indicated that many patients are unresponsive or are otherwise unwilling to pay the portion of their bill for which they are financially responsible.

The estimates made and changes affecting those estimates are summarized as follows for the years ended December 31:

		2019	2018
Changes in allowance for bad debts:			
Allowance for doubtful accounts at beginning of year	$	119	227
Write-off of uncollectible accounts, net of recoveries		(119)	(219)
Provision for bad debts		—	111
Allowance for bad debts at end of year	$	—	119

(d) Disaggregation of Revenue

The Health System earns the majority of its revenues from contracts with customers. Revenues and adjustments not related to contracts with customers are included in other revenue.

(In millions of dollars)

Operating revenues from contracts with customers by state are as follows for the years ended December 31:

	2019	2018
Alaska	$ 877	851
Washington	7,036	6,724
Montana	450	433
Oregon	5,207	5,091
California	9,083	8,684
Texas	1,120	1,574
Total revenues from contracts with customers	23,773	23,357
Other revenues	1,252	1,071
Total operating revenues	$ 25,025	24,428

Operating revenues from contracts with customers by line of business are as follows for the years ended December 31:

	2019	2018
Hospitals	$ 16,805	16,187
Health plans and accountable care	2,553	3,212
Physician and outpatient activities	2,865	2,726
Long-term care, home care, and hospice	1,198	990
Other	352	242
Total revenues from contracts with customers	23,773	23,357
Other revenues	1,252	1,071
Total operating revenues	$ 25,025	24,428

(Continued)

(In millions of dollars)

Operating revenues from contracts with customers by payor are as follows for the years ended December 31:

		2019	2018
Commercial	$	11,918	11,503
Medicare		8,017	7,540
Medicaid		3,441	3,781
Self-pay and other		397	533
Total revenues from contracts with customers		23,773	23,357
Other revenues		1,252	1,071
Total operating revenues	$	25,025	24,428

(3) Fair Value Measurements

ASC Topic 820 (Topic 820), *Fair Value Measurements*, requires a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs include quoted prices (unadjusted) in active markets for identical assets or liabilities that the Health System has the ability to access at the measurement date.
- Level 2 inputs include inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest-level input that is significant to the fair value measurement in its entirety.

(a) Assets Whose Use Is Limited

The fair value of assets whose use is limited, other than those investments measured using net asset value per share (NAV) as a practical expedient for fair value, is estimated using quoted market prices or other observable inputs when quoted market prices are unavailable.

(In millions of dollars)

The composition of assets whose use is limited is set forth in the following tables:

	December 31, 2019	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
Management-designated cash and investments:				
Cash and cash equivalents	$ 295	295	—	—
Equity securities:				
Domestic	1,193	1,193	—	—
Foreign	398	398	—	—
Mutual funds	1,421	1,421	—	—
Domestic debt securities:				
State and federal government	1,914	1,077	837	—
Corporate	867	—	867	—
Other	759	—	759	—
Foreign debt securities	344	—	344	—
Commingled funds	102	102	—	—
Other	33	2	31	—
Investments measured using NAV	3,628			
Total management-designated cash and investments	10,954			
Gift annuities, trusts, and other	207	53	11	143
Funds held by trustee:				
Cash and cash equivalents	156	156	—	—
Domestic debt securities	210	106	104	—
Foreign debt securities	30	—	30	—
Total funds held by trustee	396			
Total assets whose use is limited	$ 11,557			

(Continued)

(In millions of dollars)

	December 31, 2018	Fair value measurements at reporting date using Level 1	Level 2	Level 3
Management-designated cash and investments:				
Cash and cash equivalents	$ 308	308	—	—
Equity securities:				
Domestic	1,012	1,012	—	—
Foreign	317	317	—	—
Mutual funds	1,214	1,214	—	—
Domestic debt securities:				
State and federal government	1,607	951	656	—
Corporate	756	—	756	—
Other	507	—	507	—
Foreign debt securities	186	—	186	—
Commingled funds	336	336	—	—
Other	17	—	17	—
Investments measured using NAV	3,386	—	—	—
Total management-designated cash and investments	9,646			
Gift annuities, trusts, and other	184	53	12	119
Funds held by trustee:				
Cash and cash equivalents	112	112	—	—
Domestic debt securities	274	151	123	
Foreign debt securities	37	—	37	—
Total funds held by trustee	423			
Total assets whose use is limited	$ 10,253			

The Health System participates in various funds that are not actively marketed on an open exchange. These investments consist of shares or units in investment funds as opposed to direct interests in the funds' underlying holdings, which may be marketable. Due to the nature of these funds the NAV per share, or its equivalent, reported by each fund manager is used as a practical expedient to estimate the fair value of the Health System's interest therein. Management believes that the carrying amounts of these financial instruments, provided by the fund managers, are reasonable estimates of fair value.

(Continued)

(In millions of dollars)

The following table presents information, including unfunded commitments for investments where the NAV was used to estimate the value of the investments as of December 31:

	Fair value		Unfunded	Redemption	Redemption
	2019	2018	commitments	frequency	notice period
Hedge funds:					
Long/short equity	$ 743	639	—	Monthly, quarterly, semi-annually, or annually	30–120 days
Credit	364	360	—	Quarterly or annually	45–150 days
Relative value	201	208	—	Quarterly	60–90 days
Global macros	169	244	—	Monthly or quarterly	2–90 days
Fund of hedge funds	9	7	—	Quarterly	90 days
Private equity	579	372	620	Not applicable	Not applicable
Private real estate	185	155	216	Not applicable	Not applicable
Risk parity	—	84	—	Monthly or annually	5–60 days
Real assets	136	244	112	Monthly or quarterly	10–60 days
Commingled	1,242	1,073	—	Monthly, quarterly, or semi-annually	6–90 days
Total	$ 3,628	3,386	948		

The following is a summary of the nature of these investments and their associated risks:

Hedge funds are portfolios of investments that use advanced investment strategies, such as long/short equity, credit, relative value, global macro, and fund of hedge funds positions in both domestic and international markets, with the goal of diversifying portfolio risk and generating return. The Health System's investments in hedge funds include certain funds with provisions that limit the Health System's ability to access assets invested. These provisions include lockup terms that range up to three years from the subscription date or are continuous and determined as a percent of total assets invested. The Health System is in various stages of the lockup periods dependent on hedge fund and period of initial investments.

Private equity and private real estate funds make opportunistic investments that are primarily private in nature. These investments cannot be redeemed by the Health System; rather the Health System has committed an amount to invest in the private funds over the respective commitment periods. After the commitment period has ended, the nature of the investments in this category is that the distributions are received through the liquidation of the underlying assets.

Risk parity is an approach to investment portfolio management which focuses on allocation of risk, usually defined as volatility, rather than allocation of capital. The risk parity approach asserts that when asset allocations are adjusted to the same risk level, the risk parity portfolio can achieve a higher Sharpe ratio and can be more resistant to market downturns than the traditional portfolio. The key to risk parity is to diversify across asset classes that behave differently across economic environments.

(In millions of dollars)

Real asset strategies invest in securities backed by tangible real assets, with the objective of achieving attractive diversified total returns over the long term, while maximizing the potential for real returns in periods of rising inflation. Real asset investments should provide a return in excess of inflation, and their performance should be sensitive to changes in inflation or expectations for future levels of inflation. The real asset category is made up of many different underlying sectors inclusive of agriculture, commodities, gold, infrastructure, private energy, MLPs (Master Limited Partnerships), real estate, REITs (Real Estate Investment Trusts), timberland, and TIPS (Treasury Inflation Protected Securities). Each of these sectors tends to have a high degree of sensitivity to inflation and be less correlated with traditional equities and fixed income.

Commingled describes a type of fund structure. Commingled funds consist of assets from several accounts that are blended together. Investors in commingled fund investments benefit from economies of scale, which allow for lower trading costs per dollar of investment.

(b) Unsettled Transactions

Investment sales and purchases initiated prior to and settled subsequent to the combined balance sheet date result in amounts due from and to brokers. As of December 31, 2019, the Health System recorded a receivable of $300 for investments sold but not settled and a payable of $558 for investments purchased but not settled in other current assets and other current liabilities, respectively, in the accompanying combined balance sheets. As of December 31, 2018, the Health System recorded a receivable of $102 for investments sold but not settled and a payable of $305 for investments purchased but not settled in other current assets and other current liabilities, respectively, in the accompanying combined balance sheets.

(c) Derivative Instruments

The investment managers have executed master netting arrangements with the counterparties of the futures and forward currency purchase and sale contracts whereby the financial instruments held by the same counterparty are legally offset as the instruments are settled. The following table presents gross investment derivative assets and liabilities reported on a net basis at fair value included in assets whose use is limited in the combined balance sheets as of December 31:

		2019	2018
Derivative assets:			
Futures contracts	$	681	707
Foreign currency forwards and other contracts		135	153
Total derivative assets	$	816	860
Derivative liabilities:			
Futures contracts	$	(681)	(707)
Foreign currency forwards and other contracts		(140)	(153)
Total derivative liabilities	$	(821)	(860)

(Continued)

(In millions of dollars)

(d) Investment Income (Loss), Net

	2019	2018
Interest and dividend income	$ 146	121
Net realized gains on sale of trading securities	161	165
Change in net unrealized gains (losses) on trading securities	978	(652)
Investment income (loss), net	$ 1,285	(366)

(e) Assets Measured Using Significant Unobservable Inputs

The following table presents the Health System's activity for assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) as defined in Topic 820:

Balance at December 31, 2017	$ 105
Total realized and unrealized gains, net	3
Total purchases	16
Total sales	(5)
Balance at December 31, 2018	119
Total realized and unrealized gains, net	3
Total purchases	36
Total sales	(15)
Balance at December 31, 2019	$ 143

There were no significant transfers between assets classified as Level 1 and Level 2 during the years ended December 31, 2019 and 2018.

Level 3 assets include charitable remainder trusts, real property, and equity investments in healthcare technology start-ups through the Health System's innovation venture capital fund. Fair values of real property were estimated using a market approach. Fair values of charitable remainder trusts were estimated using an income approach. Fair value of equity investments in healthcare technology start-ups were estimated using a combination of income and market approach.

(4) Property, Plant, and Equipment, Net

Property, plant, and equipment are stated at cost. Improvements and replacements of plant and equipment are capitalized, and maintenance and repairs are expensed. The provision for depreciation is determined by the straight-line method, which allocates the cost of tangible property equally over its estimated useful life or lease term. Impairment of property, plant, and equipment is assessed when there is evidence that events or changes in circumstances have made recovery of the net carrying value of assets unlikely.

(In millions of dollars)

Interest capitalized on amounts expended during construction is a component of the cost of additions to be allocated to future periods through the provision for depreciation. Capitalization of interest ceases when the addition is substantially complete and ready for its intended use.

Property, plant, and equipment and the total accumulated depreciation are as follows as of December 31:

	Approximate useful life (years)	2019	2018
Land	—	$ 1,476	1,459
Buildings and improvements	5–60	10,229	10,036
Equipment:			
Fixed	5–25	1,305	1,289
Major movable and minor	3–20	6,249	6,050
Construction in progress	—	1,497	970
		20,756	19,804
Less accumulated depreciation		(9,778)	(8,933)
Property, plant, and equipment, net		$ 10,978	10,871

Construction in progress primarily represents renewal and replacement of various facilities in the Health System's operating divisions, as well as costs capitalized for software development.

(5) Other Assets

Other assets are summarized as follows as of December 31:

	2019	2018
Investment in nonconsolidated joint ventures	$ 330	337
Intangible assets	258	236
Goodwill	307	229
Beneficial interest in noncontrolled foundations	228	176
Other	422	322
Total other assets	$ 1,545	1,300

Goodwill is recorded as the excess of cost over fair value of the acquired net assets. Indefinite-lived intangible assets are recorded at fair value using various methods depending on the nature of the intangible asset. Both goodwill and indefinite-lived intangible assets are tested annually for impairment.

(In millions of dollars)

Definite-lived intangible assets are amortized using the straight-line method over the estimated useful lives of the assets.

The Health System recorded no goodwill impairment for the years ended December 31, 2019 and 2018.

(6) Leases

The Health System enters into operating and finance leases primarily for buildings and equipment. For leases with terms greater than 12 months, the Health System records the related ROU asset and liability at the present value of the lease payments over the contract term using the Health System's incremental borrowing rate. Building lease agreements generally require the Health System to pay maintenance, repairs, and property taxes, which are variable based on actual costs incurred during each applicable period. Such costs are not included in the determination of the ROU asset or lease liability. Variable lease costs also include escalating rent payments that are not fixed at lease commencement but are based on an index that is determined in future periods over the lease term based on changes in the Consumer Price Index or other measure of cost inflation. Most leases include one or more options to renew the lease at the initial term, with renewal terms that generally extend the lease at the then market rate of rental payment. Certain lease also include an option to buy the underlying asset at or a short time prior to the termination of the lease. All such options are at the Health System's discretion and are evaluated at the lease commencement, with only those that are reasonably certain of exercise included in determining the appropriate lease term. The Health System has elected the practical expedient to not separate lease components from non-lease components for its financing and operating leases.

The components of lease cost are as follows for the year ended December 31, 2019:

		2019
Operating lease cost:		
Fixed lease expense	$	293
Short-term lease expense		39
Variable lease expense		95
Total operating lease cost		427
Finance lease cost:		
Amortization of ROU assets		23
Interest on finance lease liabilities		21
	$	44

(Continued)

(In millions of dollars)

Supplemental cash flow and other information related to leases as of and for the year ended December 31 are as follows:

	2019
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows from operating leases	$ 280
Operating cash flows from finance leases	19
Financing cash flows from finance leases	14
Additions to ROU assets obtained from operating leases	110
Additions to ROU assets obtained from finance leases	7
Weighted-average remaining lease term (in years):	
Operating leases	9
Finance leases	15
Weighted-average discount rate:	
Operating leases	3.6%
Finance leases	7.5%

Commitments related to noncancellable operating and finance leases for each of the next five years and thereafter as of December 31, 2019 are as follows:

	Operating	Finance
2020	$ 267	31
2021	247	32
2022	225	31
2023	172	27
2024	149	27
Thereafter	642	298
	1,702	446
Less: Imputed interest	268	204
Total lease liabilities	1,434	242
Less: Current portion	267	31
Total capital lease obligation	$ 1,167	211

(Continued)

(In millions of dollars)

Lease assets and lease liabilities as of December 31, 2019, were as follows:

			2019
Assets	Classification		
Operating	Operating leases ROU assets	$	1,240
Finance	Property, plant, and equipment, net		222
Liabilities			
Current			
Operating	Current portion of operating lease ROU liabilities		267
Finance	Current portion of long-term debt		31
Long-term			
Operating	Long-term operating lease ROU liabilities, net of current portion		1,167
Finance	Long-term debt, net of current portion		211

Future minimum lease commitments under noncancelable operating leases for the next five years and thereafter as of December 31, 2018, prior to the adoption of ASU 2016-02, were as follows:

2020	$	222
2021		206
2022		183
2023		162
2024		144
Thereafter		727
	$	1,644

Rental expense, including month-to-month leases and contingent rents, was $411 for the year ended December 31, 2018, and is included in other expenses in the accompanying combined statements of operations.

(7) Debt

(a) Short-Term and Long-Term Debt

The Health System has borrowed master trust debt issued through the following:

- California Health Facilities Financing Authority (CHFFA)
- Alaska Industrial Development and Export Authority (AIDEA)
- Washington Health Care Facilities Authority (WHCFA)
- Montana Facility Finance Authority (MFFA)

(In millions of dollars)

- Lubbock Health Facilities Development Corp (LHFDC)
- Oregon Facilities Authority (OFA)

Short-term and long-term unpaid principal consists of the following at December 31:

	Maturing through	Coupon rates	Unpaid principal 2019	2018
Master trust debt:				
Fixed rate:				
Series 2005, Direct Obligation Notes	2030	5.30–5.39%	$ 36	38
Series 2008B, LHFDC Revenue Bonds	2023	4.00–5.00	15	24
Series 2009A, Direct Obligation Notes	2019	6.25	—	100
Series 2009A, CHFFA Revenue Bonds	2039	5.50–5.75	—	185
Series 2009B, CHFFA Revenue Bonds	2039	5.50	—	150
Series 2009B, CHFFA Revenue Bonds	2021	5.25	—	26
Series 2009C, CHFFA Revenue Bonds	2034	5.00	91	91
Series 2009D, CHFFA Revenue Bonds	2034	1.70	40	40
Series 2010A, WHCFA Revenue Bonds	2039	4.88–5.25	—	174
Series 2011A, AIDEA Revenue Bonds	2041	5.00–5.50	123	123
Series 2011B, WHCFA Revenue Bonds	2021	3.50–5.00	22	32
Series 2011C, OFA Revenue Bonds	2026	3.50–5.00	11	13
Series 2012A, WHCFA Revenue Bonds	2042	3.00–5.00	462	471
Series 2012B, WHCFA Revenue Bonds	2042	4.00–5.00	100	100
Series 2013A, OFA Revenue Bonds	2024	5.00	41	48
Series 2013A, CHFFA Revenue Bonds	2037	4.00–5.00	325	325
Series 2013C, CHFFA Revenue Bonds	2043	5.00	—	110
Series 2013D, Direct Obligation Notes	2023	4.38	252	252
Series 2013D, CHFFA Revenue Bonds	2043	5.00	110	110
Series 2014A, CHFFA Revenue Bonds	2038	4.00–5.00	191	269
Series 2014B, CHFFA Revenue Bonds	2044	4.25–5.00	119	119
Series 2014C, WHCFA Revenue Bonds	2044	4.00–5.00	92	92
Series 2014D, WHCFA Revenue Bonds	2041	5.00	177	179
Series 2015A, WHCFA Revenue Bonds	2045	4.00	78	78
Series 2015C, OFA Revenue Bonds	2045	4.00–5.00	71	71
Series 2016A, CHFFA Revenue Bonds	2047	2.50–5.00	448	448
Series 2016B, CHFFA Revenue Bonds	2036	1.25–4.00	286	286
Series 2016H, Direct Obligation Bonds	2036	2.75	300	300
Series 2016I, Direct Obligation Bonds	2047	3.74	400	400
Series 2018A, Direct Obligation Bonds	2048	4.00	350	350
Series 2018B, WHCFA Revenue Bonds	2033	5.00	142	142
Series 2019A, Direct Obligation Bonds	2029	2.53	650	—
Series 2019B, CHFFA Revenue Bonds	2039	5.00	118	—
Series 2019C, CHFFA Revenue Bonds	2039	5.00	323	—
Total fixed rate			5,373	5,146

(Continued)

(In millions of dollars)

Variable rate:	Maturing through	Effective interest rate (1) 2019	Effective interest rate (1) 2018	Unpaid principal 2019	Unpaid principal 2018
Series 2012C, WHCFA Revenue Bonds	2042	1.46 %	1.44 %	$ 80	80
Series 2012D, WHCFA Revenue Bonds	2042	1.46	1.44	80	80
Series 2012E, Direct Obligation Notes	2042	2.28	1.99	224	226
Series 2016C, LHFDC Revenue Bonds	2030	2.09	1.98	33	36
Series 2016D, WHCFA Revenue Bonds	2036	2.11	1.95	89	103
Series 2016E, WHCFA Revenue Bonds	2036	2.03	1.88	89	103
Series 2016F, MFFA Revenue Bonds	2026	2.04	1.85	37	42
Series 2016G, Direct Obligation Notes	2047	2.24	1.97	100	100
Total variable rate				732	770
Wells Fargo Credit Facility	2019	2.81	2.39	—	110
Wells Fargo Credit Facility	2021	2.92	2.52	—	105
Unpaid principal, master trust debt				6,105	6,131
Premiums, discounts, and unamortized financing costs, net				231	155
Master trust debt, including premiums and discounts, net				6,336	6,286
Other long-term debt				347	382
Total debt				$ 6,683	6,668

(1) Variable rate debt and credit facilities carry floating interest rates attached to indexes, which are subject to change based on market conditions.

During 2019, the Health System issued $1,091 of Series 2019A, 2019B, and 2019C revenue bonds and direct obligations notes. In January 2018, the Health System issued $492 of Series 2018A and 2018B revenue bonds and direct obligation notes. The intended uses of funds included refinancing legacy SJHS and PHS master trust debt and repayment of outstanding lines of credit.

In connection with the Series 2019A-C issuance and Series 2018A-B issuance, the Health System recorded losses due to extinguishment of debt of $14 and $6 in the years ended December 31, 2019 and 2018, respectively. The losses were recorded in net nonoperating gains (losses) in the accompanying combined statements of operations.

The following table reflects classification of long-term debt obligations in the accompanying combined balance sheets as of December 31:

	2019	2018
Current portion of long-term debt	$ 85	300
Short-term master trust debt	205	110
Long-term debt, classified as a long-term liability	6,393	6,258
Total debt	$ 6,683	6,668

(Continued)

(In millions of dollars)

Short-term master trust debt represents debt issues with remarketing provisions unsupported by credit facilities with mandatory redemption within one year of December 31, 2019 and 2018.

(b) Other Long-Term Debt

Other long-term debt consists of the following as of December 31:

	2019	2018
Finance leases	$ 242	255
Notes payable	100	117
Bonds not under master trust indenture and other	5	10
Total other long-term debt	$ 347	382

(c) Debt Service

Scheduled principal payments of long-term debt, considering all obligations under the master trust indenture as due according to their long-term amortization schedule, for the next five years and thereafter are as follows:

	Master trust	Other	Total
2020	$ 69	16	85
2021	79	19	98
2022	82	17	99
2023	365	17	382
2024	114	15	129
Thereafter	5,396	263	5,659
Scheduled principal payments of long-term debt	$ 6,105	347	6,452

(d) Derivative Instruments

The Health System uses interest rate swap agreements to manage interest rate risk associated with its outstanding debt. As of December 31, 2019 and 2018, the Health System had interest rate swap contracts with a total current notional amount totaling $436 and $453, respectively, with varying expiration dates. The interest rate swap agreements do not meet the criteria for hedge accounting and all changes in the valuation are recognized as a component of net nonoperating gains (losses) in the accompanying combined statements of operations. Settlements related to these agreements are recognized as a component of interest, depreciation, and amortization expense in the accompanying combined statements of operations. For the years ended December 31, 2019 and 2018, the change in valuation was a loss of $33 and a gain of $17, respectively, and settlements recognized as a component of interest expense were $8 and $9, respectively.

(Continued)

(In millions of dollars)

Derivative financial instruments are recorded at fair value taking into consideration the Health System's and the counterparties' nonperformance risk. The fair value of the interest rate swaps is based on independent valuations obtained and are determined by calculating the value of the discounted cash flows of the differences between the fixed interest rate of the interest rate swaps and the counterparty's forward London Interbank Offered Rate curve, which is the input used in the valuation, taking also into account any nonperformance risk. Collateral posted for the interest rate swaps consist of cash and U.S. government securities, which are both categorized as Level 1 financial instruments.

As of December 31, 2019 and 2018, the fair value of outstanding interest rate swaps was in a net liability position of $117 and $84, respectively, and is included in other liabilities in the accompanying combined balance sheets. Collateral posted in connection with the outstanding swap agreements as of December 31, 2019 was $15 and is included in other assets in the accompanying combined balance sheets. The Health System had no collateral posted in connection with the outstanding swap agreements as of December 31, 2018.

The following tables present the fair value of swaps and related collateral:

	December 31, 2019	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
Liabilities under interest rate swaps	$ 117	—	117	—

	December 31, 2018	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
Liabilities under interest rate swaps	$ 84	—	84	—

(Continued)

(In millions of dollars)

(8) Retirement Plans

(a) Defined Benefit Plans

The Health System sponsors various frozen defined benefit retirement plans. The measurement dates for the defined benefit plans are December 31. A rollforward of the change in projected benefit obligation and change in the fair value of plan assets for the defined benefit plans is as follows:

		2019	2018
Change in projected benefit obligation:			
Projected benefit obligation at beginning of year	$	2,535	2,741
Service cost		23	27
Interest cost		113	106
Actuarial loss (gain)		292	(153)
Benefits paid and other		(169)	(186)
Projected benefit obligation at end of year		2,794	2,535
Change in fair value of plan assets:			
Fair value of plan assets at beginning of year		1,469	1,686
Actual return on plan assets		299	(130)
Employer contributions		100	99
Benefits paid and other		(169)	(186)
Fair value of plan assets at end of year		1,699	1,469
Funded status		(1,095)	(1,066)
Unrecognized net actuarial loss		572	526
Unrecognized prior service cost		—	1
Net amount recognized	$	(523)	(539)
Amounts recognized in the combined balance sheets consist of:			
Current liabilities	$	(1)	(1)
Noncurrent liabilities		(1,094)	(1,065)
Unrestricted net assets		572	527
Net amount recognized	$	(523)	(539)
Weighted average assumptions:			
Discount rate		3.50 %	4.60 %
Rate of increase in compensation levels		3.50	3.50
Long-term rate of return on assets		6.50	6.50

(Continued)

(In millions of dollars)

Net periodic pension cost for the defined benefit plans includes the following components:

		2019	2018
Components of net periodic pension cost:			
Service cost	$	23	27
Interest cost		113	106
Expected return on plan assets		(96)	(105)
Amortization of prior service cost		1	1
Recognized net actuarial loss		24	26
Net periodic pension cost	$	65	55
Special recognition – settlement expense	$	19	26

Certain plans sponsored by the Health System allow participants to receive their benefit through a lump-sum distribution upon election. When lump-sum distributions exceed the combined total of service cost and interest cost during a reporting period settlement expense is recognized. Settlement expense represents the proportional recognition of unrecognized actuarial loss and prior service cost. Settlement expense for the years ended December 31, 2019 and 2018 is included in net nonoperating gains (losses) in the accompanying combined statements of operations.

The accumulated benefit obligation was $2,739 and $2,488 at December 31, 2019 and 2018, respectively.

The following pension benefit payments reflect expected future service. Payments expected to be paid over the next 10 years are as follows:

2020	$	189
2021		187
2022		185
2023		183
2024–2029		1,039
	$	1,783

The Health System expects to contribute approximately $111 to the defined benefit plans in 2020.

The expected long-term rate of return on plan assets is the expected average rate of return on the funds invested currently and on funds to be invested in the future in order to provide for the benefits included in the projected benefit obligation. The Health System used 6.5% in calculating the 2019 and 2018 expense amounts. This assumption is based on capital market assumptions and the plan's target asset allocation.

(In millions of dollars)

The Health System continues to monitor the expected long-term rate of return. If changes in those parameters cause 6.5% to be outside of a reasonable range of expected returns, or if actual plan returns over an extended period of time, suggest that general market assumptions are not representative of expected plan results, the Health System may revise this estimate prospectively.

The target asset allocation and expected long-term rate of return on assets (ELTRA) were as follows at December 31:

	2019 Target	2019 ELTRA	2018 Target	2018 ELTRA
Cash and cash equivalents	2 %	3%	2 %	2%–3%
Equity securities	45	7%–9%	45	7%–8%
Debt securities	33	3%–4%	33	3%–4%
Other securities	20	5%–11%	20	5%–8%
Total	100 %	6.5 %	100 %	6.5 %

The following table presents the Health System's defined benefit plan assets measured at fair value:

	December 31, 2019	Fair value measurements at reporting date using		
		Level 1	Level 2	Level 3
Assets:				
Cash and cash equivalents	$ 73	73	—	—
Equity securities:				
Domestic	293	293	—	—
Foreign	77	77	—	—
Mutual funds	128	128	—	—
Domestic debt securities:				
State and government	400	310	90	—
Corporate	129	—	129	—
Other	15	—	15	—
Foreign debt securities	49	—	49	—
Commingled funds	144	144	—	—
Investments measured using NAV	582			
Transactions pending settlement, net	(191)			
Total	$ 1,699			

(Continued)

(In millions of dollars)

The following table presents the Health System's defined benefit plan assets measured at fair value:

	December 31, 2018	Fair value measurements at reporting date using Level 1	Level 2	Level 3
Assets:				
Cash and cash equivalents	$ 81	81	—	—
Equity securities:				
Domestic	226	226	—	—
Foreign	61	61	—	—
Mutual funds	103	103	—	—
Domestic debt securities:				
State and government	266	208	58	—
Corporate	122	—	122	—
Other	15	—	15	—
Foreign debt securities	40	—	40	—
Commingled funds	141	141	—	—
Investments measured using NAV	487			
Transactions pending settlement, net	(73)			
Total	$ 1,469			

The Health System's defined benefit plans participate in various funds that are not actively marketed on an open exchange. These investments consist of shares or units in investment funds as opposed to direct interests in the funds' underlying holdings, which may be marketable. Due to the nature of these funds the NAV per share, or its equivalent, reported by each fund manager is used as a practical expedient to estimate the fair value of the Health System's interest therein. Management believes that the carrying amounts of these financial instruments provided by the fund managers are reasonable estimates of fair value.

(Continued)

(In millions of dollars)

The following table presents information for investments where either the NAV per share or its equivalent was used to value the investments as of December 31:

	Fair value		Redemption frequency	Redemption notice period
	2019	2018		
Hedge funds:				
Long/short equity	$ 54	43	Monthly or quarterly	30–65 days
Credit and other	64	61	Monthly or quarterly	90 days
Real assets	61	53	Monthly	30 days
Risk parity	135	108	Monthly	5–15 days
Commingled	268	222	Monthly	6–30 days
Total	$ 582	487		

The Health System's defined benefit plans also allow certain investment managers to use derivative financial instruments (futures and forward currency contracts) to manage interest rate risk related to the plans' fixed-income holdings. The investment managers have executed master netting arrangements with the counterparties of the futures and forward currency purchase and sale contracts whereby the financial instruments held by the same counterparty are legally offset as the instruments are settled. The following table presents gross investment derivative assets and liabilities reported on a net basis at fair value included in the plans' assets as of December 31:

	2019	2018
Derivative assets:		
Futures contracts	$ 128	724
Foreign currency forwards and other contracts	2	4
Total derivative assets	$ 130	728
Derivative liabilities:		
Futures contracts	$ (128)	(724)
Foreign currency forwards and other contracts	(3)	(3)
Total derivative liabilities	$ (131)	(727)

(b) Defined Contribution Plans

The Health System sponsors various defined contribution retirement plans that cover substantially all employees. The plans provide for employer matching contributions in an amount equal to a percentage of employee pretax contributions, up to a maximum amount. In addition, the Health System makes contributions to eligible employees based on years of service. Retirement expense related to these plans was $500 and $513 in 2019 and 2018, respectively, and is reflected in salaries and benefit expense in the accompanying combined statements of operations.

(Continued)

(9) Self-Insurance Liabilities

The Health System has established self-insurance programs for professional and general liability and workers' compensation insurance coverage. These programs provide insurance coverage for healthcare institutions associated with the Health System. The Health System also operates insurance captives, Providence Assurance, Inc. and American Unity Group, Ltd., to self-insure or reinsure certain layers of professional and general liability risk.

The Health System accrues estimated self-insured professional and general liability and workers' compensation insurance claims based on management's estimate of the ultimate costs for both reported claims and actuarially determined estimates of claims incurred but not reported. Insurance coverage in excess of the per occurrence self-insured retention has been secured with insurers or reinsurers for specified amounts for professional, general, and workers' compensation liabilities. Decisions relating to the limit and scope of the self-insured layer and the amounts of excess insurance purchased are reviewed each year, subject to management's analysis of actuarial loss projections and the price and availability of acceptable commercial insurance.

At December 31, 2019 and 2018, the estimated liability for future costs of professional and general liability claims was $455 and $393, respectively. At December 31, 2019 and 2018, the estimated workers' compensation obligation was $367 and $351, respectively. Both are recorded in other current liabilities and other liabilities in the accompanying combined balance sheets.

(10) Commitments and Contingencies

(a) Commitments

Firm purchase commitments at December 31, 2019, primarily related to construction and equipment and software acquisition, are approximately $654.

(b) Litigation

The healthcare industry is subject to numerous laws and regulations from federal, state, and local governments. Compliance with these laws and regulations can be subject to future government review and interpretation, as well as regulatory actions unknown or unasserted at this time. Government monitoring and enforcement activity continues with respect to investigations and allegations concerning possible violations by healthcare providers of regulations, which could result in the imposition of significant fines and penalties, as well as significant repayments of patient services previously billed. Institutions within the Health System are subject to similar regulatory reviews.

Management is aware of certain asserted and unasserted legal claims and regulatory matters arising in the normal course of business. After consultation with legal counsel, management estimates that these matters will be resolved without material adverse effect on the Health System's combined financial statements.

(In millions of dollars)

(11) Functional Expenses

Operating expenses classified by their natural classification on the combined statements of operations are presented by their functional classifications as follows for the years ended December 31:

	2019								
	Program Activities					Supporting Activities			
	Hospitals	Health plans and accountable care	Physician and outpatient	Long-term care, home care, and hospice	Total programs	General and administrative	Other	Total supporting	Total operating expenses
Salaries and benefits	$ 6,932	125	2,364	695	10,116	1,924	132	2,056	12,172
Supplies	2,992	2	302	138	3,434	—	264	264	3,698
Purchased healthcare services	219	1,501	219	110	2,049	—	—	—	2,049
Interest, depreciation, and amortization	803	8	79	21	911	427	7	434	1,345
Purchased services, professional fees and other	2,784	200	1,148	152	4,284	980	124	1,104	5,388
Restructuring costs	—	—	—	—	—	159	—	159	159
Total operating expenses	$ 13,730	1,836	4,112	1,116	20,794	3,490	527	4,017	24,811

	2018								
	Program Activities					Supporting Activities			
	Hospitals	Health plans and accountable care	Physician and outpatient	Long-term care, home care, and hospice	Total programs	General and administrative	Other	Total supporting	Total operating expenses
Salaries and benefits	$ 6,964	119	2,319	577	9,979	1,821	83	1,904	11,883
Supplies	2,920	1	279	114	3,314	—	249	249	3,563
Purchased healthcare services	13	2,349	36	16	2,414	—	—	—	2,414
Interest, depreciation, and amortization	815	7	78	19	919	433	8	441	1,360
Purchased services, professional fees and other	3,089	265	1,051	120	4,525	413	105	518	5,043
Restructuring costs	—	—	—	—	—	162	—	162	162
Total operating expenses	$ 13,801	2,741	3,763	846	21,151	2,829	445	3,274	24,425

Supporting activities include costs that are not controllable by operational leadership. Health System leadership drives these costs, which benefit the entire Health System. Costs that are controllable by operational leadership are allocated to the respective program activities.

PROVIDENCE ST. JOSEPH HEALTH

Supplemental Schedule – Obligated Group Combining Balance Sheets Information

December 31, 2019 and 2018

(In millions of dollars)

	2019			2018		
Assets	**Obligated Group**	**Nonobligated, eliminations, Other**	**Total combined**	**Obligated Group**	**Nonobligated, eliminations, Other**	**Total combined**
Current assets:						
Cash and cash equivalents	$ 633	683	1,316	1,027	570	1,597
Accounts receivable, net	2,255	145	2,400	2,127	130	2,257
Supplies inventory	272	11	283	282	11	293
Other current assets	1,169	64	1,233	789	69	858
Current portion of assets whose use is limited	341	361	702	339	315	654
Total current assets	4,670	1,264	5,934	4,564	1,095	5,659
Assets whose use is limited	8,184	2,671	10,855	7,145	2,454	9,599
Property, plant, and equipment, net	10,436	542	10,978	10,287	584	10,871
Operating lease right-of-use assets	970	270	1,240	—	—	—
Other assets	2,207	(662)	1,545	1,932	(632)	1,300
Total assets	$ 26,467	4,085	30,552	23,928	3,501	27,429
Liabilities and Net Assets						
Current liabilities:						
Current portion of long-term debt	$ 81	4	85	296	4	300
Master trust debt classified as short-term	205	—	205	110	—	110
Accounts payable	909	126	1,035	984	114	1,098
Accrued compensation	1,057	88	1,145	1,109	93	1,202
Current portion of operating lease right-of-use liabilities	219	48	267	—	—	—
Other current liabilities	1,562	599	2,161	1,188	647	1,835
Total current liabilities	4,033	865	4,898	3,687	858	4,545
Long-term debt, net of current portion	6,281	112	6,393	6,126	132	6,258
Pension benefit obligation	1,094	—	1,094	1,065	—	1,065
Long-term operating lease right-of-use liabilities, net of current portion	898	269	1,167	—	—	—
Other liabilities	325	800	1,125	484	686	1,170
Total liabilities	12,631	2,046	14,677	11,362	1,676	13,038
Net assets:						
Net assets without donor restrictions	12,911	1,583	14,494	11,739	1,417	13,156
Net assets with donor restrictions	925	456	1,381	827	408	1,235
Total net assets	13,836	2,039	15,875	12,566	1,825	14,391
Total liabilities and net assets	$ 26,467	4,085	30,552	23,928	3,501	27,429

See accompanying independent auditors' report

PROVIDENCE ST. JOSEPH HEALTH

Supplemental Schedule – Obligated Group Combining Statements of Operations Information

Years ended December 31, 2019 and 2018

(In millions of dollars)

	2019			2018		
	Obligated Group	Nonobligated, eliminations, Other	Total combined	Obligated Group	Nonobligated, eliminations, Other	Total combined
Operating revenues:						
Net patient service revenues	$ 18,942	941	19,883	18,439	670	19,109
Provision for bad debts	—	—	—	(111)	—	(111)
Net patient service revenues less provision for bad debts	18,942	941	19,883	18,328	670	18,998
Other revenues	2,033	3,109	5,142	1,768	3,662	5,430
Total operating revenues	20,975	4,050	25,025	20,096	4,332	24,428
Operating expenses:						
Salaries and benefits	10,868	1,304	12,172	10,643	1,240	11,883
Supplies	3,422	276	3,698	3,311	252	3,563
Interest, depreciation, and amortization	1,253	92	1,345	1,273	87	1,360
Purchased services, professional fees, and other	4,441	2,996	7,437	4,102	3,355	7,457
Total operating expenses before restructuring costs	19,984	4,668	24,652	19,329	4,934	24,263
Excess of revenue over expenses from operations before restructuring costs	991	(618)	373	767	(602)	165
Restructuring costs	159	—	159	162	—	162
Excess (deficit) of revenues over expenses from operations	832	(618)	214	605	(602)	3
Net nonoperating gains (losses):						
Loss on extinguishment of debt	(14)	—	(14)	(6)	—	(6)
Investment income (loss), net	1,054	231	1,285	(330)	(36)	(366)
Other	(67)	(60)	(127)	(87)	11	(76)
Total net nonoperating gains (losses)	973	171	1,144	(423)	(25)	(448)
Excess (deficit) of revenues over expenses	$ 1,805	(447)	1,358	182	(627)	(445)

See accompanying independent auditors' report.

Exhibit 3 to Section 999.5(d)(11)(F)

St. Mary's Medical Center

Providence St. Joseph Health

Providence St Joseph Health
830 - ST MARY MEDICAL CETER
Detail Statement of Operations (in Thousands)
Reported as of January 2021

	Month-To-Date				Year-to-Date				Prior Year-to-Date		
	Actual	**Budget**	**Var**	**% Var**	**Actual**	**Budget**	**Var**	**% Var**	**Actual**	**Var**	**% Var**
Gross Services Revenues:											
Acute Care - Inpatient	93,088	73,433	19,655	26.8%	93,088	73,433	19,655	26.8%	83,560	9,528	11.4%
Acute Care - Outpatient	40,840	62,056	(21,216)	-34.2%	40,840	62,056	(21,216)	-34.2%	78,072	(37,232)	-47.7%
Total Gross Service Revenues	**133,928**	**135,489**	**(1,562)**	**-1.2%**	**133,928**	**135,489**	**(1,562)**	**-1.2%**	**161,632**	**(27,704)**	**-17.1%**
Revenue Deductions:											
Contractual Allowance	100,014	104,819	4,805	4.6%	100,014	104,819	4,805	4.6%	130,899	30,885	23.6%
Charity Care	1,696	1,868	173	9.2%	1,696	1,868	173	9.2%	2,679	983	36.7%
Revenue Deductions	**101,710**	**106,687**	**4,977**	**4.7%**	**101,710**	**106,687**	**4,977**	**4.7%**	**133,578**	**31,869**	**23.9%**
Bad Debt Deduction	1,772	1,554	(217)	-14.0%	1,772	1,554	(217)	-14.0%	1,433	(339)	-23.6%
sNet Patient Revenue	**30,446**	**27,248**	**3,198**	**11.7%**	**30,446**	**27,248**	**3,198**	**11.7%**	**26,621**	**3,825**	**14.4%**
Capitation Revenue	35	-	35	0.0%	35	-	35	0.0%	150	(115)	-76.7%
Other Operating Revenue	1,069	248	821	330.5%	1,069	248	821	330.5%	261	809	310.4%
Total Net Operating Revenues	**31,550**	**27,496**	**4,054**	**14.7%**	**31,550**	**27,496**	**4,054**	**14.7%**	**27,032**	**4,519**	**16.7%**
Operating Expenses:											
Salaries and Wages	12,898	10,135	(2,763)	-27.3%	12,898	10,135	(2,763)	-27.3%	11,955	(943)	-7.9%
Employee Benefits	3,907	3,762	(145)	-3.9%	3,907	3,762	(145)	-3.9%	3,710	(197)	-5.3%
Supplies	3,540	3,507	(34)	-1.0%	3,540	3,507	(34)	-1.0%	3,746	206	5.5%
Professional Fees	1,272	1,260	(13)	-1.0%	1,272	1,260	(13)	-1.0%	1,052	(220)	-20.9%
Purchased Services	1,607	1,525	(82)	-5.4%	1,607	1,525	(82)	-5.4%	1,256	(351)	-27.9%
Other Operating Expense	838	682	(156)	-22.8%	838	682	(156)	-22.8%	660	(178)	-27.0%
Total Operating Expenses	**24,062**	**20,869**	**(3,193)**	**-15.3%**	**24,062**	**20,869**	**(3,193)**	**-15.3%**	**22,379**	**(1,683)**	**-7.5%**
EBIDA	**7,488**	**6,627**	**861**	**13.0%**	**7,488**	**6,627**	**861**	**13.0%**	**4,653**	**2,835**	**60.9%**
System Cost Allocations	**2,397**	**2,397**	**-**	**0.0%**	**2,397**	**2,397**	**-**	**0.0%**	**2,632**	**235**	**8.9%**
EBIDA Fully Burdened	**5,091**	**4,230**	**861**	**20.4%**	**5,091**	**4,230**	**861**	**20.4%**	**2,021**	**3,070**	**152.0%**
Depreciation Expense	742	739	(3)	-0.5%	742	739	(3)	-0.5%	721	(21)	-2.9%
Interest and Amortization	132	116	(16)	-13.7%	132	116	(16)	-13.7%	133	0	0.2%
NOI Fully Burdened	**4,216**	**3,374**	**842**	**25.0%**	**4,216**	**3,374**	**842**	**25.0%**	**1,167**	**3,049**	**261.4%**

Fully burdened includes system cost allocations

Providence St. Joseph Health
830 - ST MARY MEDICAL CENTER
Performance Metrics Stats
Reported as of January 2021

STAT_Performance Metrics_EAL
Entity - 830
Printed On 2/16/21 @ 8:01 AM

Month-To-Date					Year-To-Date			
Actual	**Budget**	**% Variance**	**Pr. Month**		**Actual**	**Budget**	**% Variance**	**Pr. Year**
				Volume:				
1,332	1,963	(32.1%)	-	Acute Adjusted Admissions	1,332	1,963	(32.1%)	2,283
926	1,064	(13.0%)	-	Total Acute Admissions	926	1,064	(13.0%)	1,180
6,865	4,992	37.5%	-	Total Acute Patient Days	6,865	4,992	37.5%	5,475
4,414	6,566	(32.8%)	-	Acute Outpatient Visits	4,414	6,566	(32.8%)	9,364
201	260	(22.7%)	-	Total Observations	201	260	(22.7%)	322
619	1,115	(44.5%)	-	Primary Specialty Retail Visits	619	1,115	(44.5%)	2,554
-	-	-	-	Health Plan Member Months	-	-	-	-
105.5%	76.3%	38.2%	-	Total Occupancy Percent	105.5%	76.3%	38.2%	84.1%
221	161	37.5%	-	Total Average Daily Census	221	161	37.5%	177
				Surgeries and Procedures:				
187	242	(22.7%)	-	Inpatient Surgeries and Procedures	187	242	(22.7%)	247
68	314	(78.3%)	-	Outpatient Surgeries and Procedures	68	314	(78.3%)	346
255	556	(54.1%)	-	Total Surgeries and Procedures	255	556	(54.1%)	593
				Emergency Room Visits:				
820	801	2.4%	-	Inpatient ER Visits	820	801	2.4%	1,040
3,165	4,579	(30.9%)	-	Outpatient ER Visits	3,165	4,579	(30.9%)	7,263
3,985	5,380	(25.9%)	-	Total Emergency Room Visits	3,985	5,380	(25.9%)	8,303
				Outpatient Visits:				
68	314	(78.3%)	-	Outpatient Surgeries and Procedures	68	314	(78.3%)	346
3,165	4,579	(30.9%)	-	Outpatient ER Visits	3,165	4,579	(30.9%)	7,263
619	1,115	(44.5%)	-	Primary Specialty Retail Visits	619	1,115	(44.5%)	2,554
26	91	(71.4%)	-	Visits - Lab	26	91	(71.4%)	100
113	245	(53.9%)	-	Radiology	113	245	(53.9%)	203
329	454	(27.5%)	-	PT OT Speech	329	454	(27.5%)	495
14	99	(85.9%)	-	Heart	14	99	(85.9%)	93
699	784	(10.8%)	-	Other Outpatient Visits	699	784	(10.8%)	864
5,033	7,681	(34.5%)	-	Total Outpatient Visits	5,033	7,681	(34.5%)	11,918
				Efficiency and Financial stats:				
9.4%	7.6%	23.1%	-	EBIDA Margin fully burdened	9.4%	7.6%	23.1%	(0.4)
32.0%	33.5%	(4.7%)	-	EBIDA Margin	32.0%	33.5%	(4.7%)	25.8%
6.6%	4.5%	46.6%	-	Operating Margin fully burdened	6.6%	4.5%	46.6%	(3.6)
29.2%	30.4%	(4.1%)	-	Operating Margin	29.2%	30.4%	(4.1%)	22.6%
1,348	1,235	(9.1%)	-	FTEs	1,348	1,235	(9.1%)	1,351
1.9357	1.5700	23.3%	-	YTD Overall Case-Mix Index	1.9357	1.5700	23.3%	1.5514
2,579	3,082	(16.3%)	-	YTD Case-Mix Adj Admissions	2,579	3,082	(16.3%)	3,541
3.8	3.0	(28.2%)	-	YTD Acute Care LOS (CMAA)	3.8	3.0	(28.2%)	3.0
11,725	8,755	33.9%	-	YTD Net Svc Rev/CMAA	11,725	8,755	33.9%	7,503
8,155	6,041	(35.0%)	-	YTD Net Expense/CMAA	8,155	6,041	(35.0%)	5,775
748	-	-	-	Capital Spending ('000)	748	-	-	692
				Balance Sheet ratios:				
515	-	-	-	R12 Days of Total Cash on Hand	515	-	-	517
43	-	-	-	Net Patient AR Days 3 mo rolling	43	-	-	40
75.6	63.6	18.9%	-	Debt Service Coverage	75.6	63.6	18.9%	65.4
9.1	-	-	-	Debt to Capitalization Ratio	9.1	-	-	9.1
713.0	-	-	-	Cash to Debt Ratio	713.0	-	-	709.7
3.1	-	-	-	Current Ratio	3.1	-	-	3.3
				Community Benefit: ('000)				
442	354	24.8%	-	Cost of Charity Care Provided	442	354	24.8%	(1,753)
-	(5,867)	(100.0%)	-	Unpaid Cost of Medicaid	-	(5,867)	(100.0%)	(18,996)
8	6	26.0%	-	Education and Research Programs	8	6	26.0%	6
321	543	(40.9%)	-	Other Community Benefit Costs	321	543	(40.9%)	2,476
770	(4,964)	(115.5%)	-	Total Community Benefit Costs	770	(4,964)	(115.5%)	(18,267)

Providence St. Joseph Health
830 - ST MARY MEDICAL CENTER
Balance Sheet (in Thousands)
Reported as of January 2021

BAL_Balance Sheet_EAL
Entity - 830
Printed On 2/16/21 @ 8:02 AM

	January 2021 Actual	December 2020 Pr. Year
ASSETS		
Current Assets:		
Cash and Cash Equivalents	27,571	24,502
Mgmt Designated Cash & Cash Equiv.	-	-
Short Term Investments	548	548
Patient Accounts Receivable	130,243	125,339
Less: Contractual Allowance	(60,408)	(61,487)
Less: Allowance for Doubtful Accounts	(16,599)	(15,281)
Other Receivables	75,798	75,591
Supplies Inventory	4,067	4,174
Other Current Assets	114	216
Total Current Assets	**161,334**	**153,602**
Assets Whose Use is Limited:		
Mgmt Designated Cash and Investments	315,956	317,639
Assets Whose Use is Limited	**315,956**	**317,639**
Property, Plant & Equipment:		
Property Plant Equipment Gross	288,085	286,998
Accumulated Depreciation	(158,405)	(157,663)
Property Plant Equipment Net	**129,680**	**129,335**
Other Long Term Assets:		
Other LT Assets	1,255	1,329
Total Other LT Assets	**1,255**	**1,329**
Total Assets	**608,224**	**601,905**

	January 2021 Actual	December 2020 Pr. Year
LIABILITIES & NET ASSETS		
Current Liabilities:		
Accounts Payable	8,827	10,013
Accrued Compensation	19,144	11,293
Affiliate Payable	2,796	4,331
Deferred Revenue-Unearned Premiums	3,506	3,494
Payable to Contractual Agencies	9,260	8,842
Other Current Liabilities	8,083	8,289
Current Portion of Long Term Debt	168	168
Total Current Liabilities	**51,786**	**46,431**
Long-Term Debt:		
Master Trust Debt	47,077	47,099
Loans from Affiliates	(360)	(358)
Other Long Term Debt	1,179	1,184
Total Long Term Debt	**47,895**	**47,926**
Other Long Term Liabilities	**16,337**	**16,372**
Total Liabilities	**116,018**	**110,728**
Net Assets:		
Unrestricted	481,859	480,972
Temporarily Restricted	8,600	8,459
Permanently Restricted	1,748	1,746
Total Net Assets	**492,207**	**491,177**
Total Liabilities and Net Assets	**608,224**	**601,905**

Exhibit 4 to Section 999.5(d)(11)(F)

St. Mary Medical Center
Fixed Asset Report
As of April 30, 2021

TOTAL ACTIVE ASSETS

Classification	ASSET COUNT	COST	Acc Depre	BookValue
SMMC	3,091	$ 264,966,548	$ 160,097,683	$ 104,868,865
AUTO	5	$ 75,634	$ 66,871	$ 8,763
BLDG IMPROV	6	$ 11,780,355	$ 1,416,077	$ 10,364,278
BLDGCOMP	184	$ 20,330,065	$ 19,994,546	$ 335,520
BLDGHOSP	229	$ 63,701,115	$ 43,264,249	$ 20,436,867
BLDGOTH	30	$ 10,374,227	$ 6,845,818	$ 3,528,409
COMPHW	182	$ 2,147,264	$ 2,147,264	$ -
COMPNET	87	$ 15,722,224	$ 15,669,364	$ 52,861
EQFIXED	75	$ 24,492,413	$ 18,889,613	$ 5,602,800
EQFURN	210	$ 1,790,939	$ 1,288,767	$ 502,173
EQMAJMOV	1,863	$ 51,677,242	$ 38,087,491	$ 13,589,751
EQUIPMENT	172	$ 12,619,608	$ 10,739,839	$ 1,879,769
LAND	13	$ 47,893,763	$ -	$ 47,893,763
LANDIMP	30	$ 2,162,943	$ 1,533,760	$ 629,183
LANDIMPPRK	4	$ 50,545	$ 50,545	$ -
LEASEIMP	1	$ 148,211	$ 103,480	$ 44,731
Grand Total	3,091	$ 264,966,548	$ 160,097,683	$ 104,868,865

#38

11 Cal. Code Reg. Section 999.5(d)(11)(G)

Any requests for opinions to the Internal Revenue Service for rulings attendant to this transaction and any Internal Revenue Service responses thereto

There have not been any requests for opinions to the Internal Revenue Service for rulings attendant to this Transaction.

#39

11 Cal. Code Reg. Section 999.5(d)(11)(H)

Pro forma post-transaction balance sheet for the surviving or successor nonprofit corporation

Attached to this Section 999.5(d)(11)(H) as **Exhibit 1** is the LLC's pro forma post-Transaction balance sheet.

Exhibit 1 to Section 999.5(d)(11)(H)

PROJECT BLOSSOM - BALANCE SHEET ($K)	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035
Assets														
Current Assets														
Cash and Equivalents	-	-	-	-	$18,206	$19,007	$19,848	$20,330	$20,397	$20,439	$20,457	$20,660	$20,767	$20,403
Patient Accounts Receivable	-	-	-	-	$43,189	$44,347	$45,532	$46,791	$48,418	$50,117	$51,892	$53,607	$55,166	$57,012
Other Receivables	-	-	-	-	$16,020	$16,398	$16,785	$17,196	$17,726	$18,280	$18,858	$19,417	$19,919	$20,511
Supplies Inventory	-	-	-	-	$5,423	$5,512	$5,602	$5,694	$5,788	$5,885	$5,984	$6,087	$6,162	$6,226
Other Current Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	**-**	**-**	**-**	**-**	**$82,838**	**$85,264**	**$87,767**	**$90,011**	**$92,329**	**$94,721**	**$97,191**	**$99,771**	**$102,014**	**$104,153**
Property, Plant and Equipment														
CIP/New Tower	$300,280	$632,636	$834,006	$972,000	$972,000	$972,000	$972,000	$972,000	$972,000	$972,000	$972,000	$972,000	$972,000	$972,000
Moveable Equipment, Other	-	-	-	-	$77,175	$87,175	$96,032	$105,163	$114,575	$124,277	$134,279	$160,608	$187,802	$215,890
New Land	-	-	-	-	$22,000	$22,000	$22,000	$22,000	$22,000	$22,000	$22,000	$22,000	$22,000	$22,000
Accumulated Depreciation	-	-	-	-	$62,431	$93,792	$126,039	$159,199	$193,300	$228,371	$262,932	$298,050	$333,762	$370,108
Property Plant and Equipment, Net	**$300,280**	**$632,636**	**$834,006**	**$972,000**	**#########**	**$987,383**	**$963,993**	**$939,964**	**$915,275**	**$889,906**	**$865,347**	**$856,558**	**$848,040**	**$839,782**
TOTAL ASSETS	**$300,280**	**$632,636**	**$834,006**	**$972,000**	**#########**	**#########**	**#########**	**#########**	**#########**	**$984,627**	**$962,538**	**$956,329**	**$950,054**	**$943,934**
Liabilities and Net Assets														
Current Liabilities														
Accounts Payable	-	-	-	-	$34,567	$35,620	$36,708	$37,672	$38,669	$39,699	$40,764	$41,879	$42,833	$43,736
Other Current Liabilities	-	-	-	-	$5,000	$5,100	$5,202	$5,306	$5,412	$5,520	$5,631	$5,743	$5,858	$5,975
Total Current Liabilities	**-**	**-**	**-**	**-**	**$39,567**	**$40,720**	**$41,910**	**$42,978**	**$44,082**	**$45,220**	**$46,395**	**$47,622**	**$48,691**	**$49,712**
Other Long Term Liabilities	-	($177,364)	$24,006	$162,000	$160,592	$159,117	$157,570	$155,950	$154,251	$152,472	$150,606	$148,651	$146,603	$144,456
Total Liabilities	**-**	**########**	**$24,006**	**$162,000**	**$200,159**	**$199,837**	**$199,481**	**$198,928**	**$198,333**	**$197,691**	**$197,001**	**$196,274**	**$195,294**	**$194,167**
Net Assets	$300,280	$810,000	$810,000	$810,000	$891,423	$872,810	$852,280	$831,047	$809,271	$786,935	$765,537	$760,055	$754,760	$749,767
TOTAL LIABILITIES AND NET ASSETS	**$300,280**	**$632,636**	**$834,006**	**$972,000**	**#########**	**#########**	**#########**	**#########**	**#########**	**$984,627**	**$962,538**	**$956,329**	**$950,054**	**$943,934**