



AGENDA

LAST FRONTIER HEALTHCARE DISTRICT BOARD OF DIRECTORS

Thursday, May 25, 2023, 1:00 pm
City Council Chambers; Alturas City Hall; Alturas, California

Parties with a disability, as provided by the American Disabilities Act, who require special accommodations or aids in order to participate in this public meeting should make requests for accommodation to the Modoc Medical Center Administration at least 48 hours prior to the meeting. Board Agenda packets are available to the public online at www.modocmedicalcenter.org or at the MMC Administration offices.

1:00 pm - CALL TO ORDER – A. Foster, Chair

1. PLEDGE OF ALLEGIANCE TO THE FLAG OF THE UNITED STATES OF AMERICA – A. Foster, Chair

2. AGENDA APPROVAL - Additions/Deletions to the Agenda – A. Foster, Chair

3. PUBLIC COMMENT - This is the time set aside for citizens to address the Board on matters not on the Agenda or Consent Agenda. Comments should be limited to matters within the jurisdiction of the Board. If your comment concerns an item shown on the Agenda, please address the Board after that item is open for public comment. **By law, the Board cannot act on matters that are not on the Agenda.** The Chairperson reserves the right to limit the duration of each speaker to **three minutes**. Speakers may not cede their time. Agenda items with times noted, will be considered at that time. All other items will be considered as listed on the Agenda, or as deemed necessary by the Chairperson.

4. DISCUSSION

REGULAR SESSION

5. CONSENT AGENDA - Items under the Consent Agenda heading do not require discussion before a vote. If discussion is needed, that item needs to be moved to the Consideration/Action part of the Agenda where discussion is allowed.

- A.) D. King - Adoption of LFHD Board of Directors Regular Meeting Minutes – April 27, 2023 Attachment A
- B.) D. King - Adoption of LFHD Board of Directors Special Meeting Minutes – May 4, 2023 Attachment B
- B.) J. Carrillo - Medical Staff Committee Meeting Minutes – March 29, 2023. Attachment C
 - Medical Staff Committee Meeting Minutes – February 22, 2023.

6. CONSIDERATION/ACTION

- A.) P. Fields – April 2023 LFHD Financial Statement (*unaudited*) Attachment D
- B.) K. Kramer – Old Hospital Property Transfer Agreement with the County Attachment E
- C.) K. Kramer – Board Resolution for Transfer of Old Hospital to the County Attachment F
- D.) K. Kramer – Skilled Nursing Facility IOR Agreement Approval Attachment G

7. VERBAL REPORTS

- A.) K. Kramer – CEO Report to the Board
- B.) E. Johnson – CNO Report to the Board
- C.) P. Fields – CFO Report to the Board

- D.) A. Vucina – CHRO Report to the Board
- F.) A. Willoughby – COO Report to the Board
- G.) Board Member Reports

EXECUTIVE SESSION

8. CONSIDERATION / ACTION

- A.) J. Carrillo – Medical Executive Committee Minutes & Credentialing Items – March 29, 2023. Attachment H
(Per Evidence Code 1157)
 - Medical Executive Committee Minutes & Credentialing Items OPPE 2019B – February 22, 2023.
- B.) A. Foster – CEO Evaluation (per Government Code 54957) Attachment I

REGULAR SESSION

9. CONSIDERATION / ACTION

- A.) J. Carrillo – Medical Executive Committee Minutes & Credentialing Items – March 29, 2023.
(Per Evidence Code 1157)
 - Medical Executive Committee Minutes & Credentialing Items OPPE 2019B – February 22, 2023.
- B.) A. Foster – CEO Evaluation (per Government Code 54957)

11. MOTION TO ADJOURN – A. Foster – Chair

POSTED AT: MODOC COUNTY COURTHOUSE / ALTURAS CITY HALL / MMC WEBSITE-(www.modocmedicalcenter.org)
ON May 19, 2023.

ATTACHMENT A

**LFHD BOARD OF DIRECTORS
REGULAR MEETING MINUTES**

(draft)

April 27, 2023



REGULAR MEETING MINUTES

LAST FRONTIER HEALTHCARE DISTRICT BOARD OF DIRECTORS

Thursday, April 27, 2023, at 1:00 pm
City Hall Chambers, 200 W North St.
Alturas, California

Directors present: Amy Foster, Paul Dolby
Directors absent: De Funk, Carol Madison, Edouard (Jim) Cavasso
Staff in attendance: Kevin Kramer, CEO, Edward Johnson, CNO, Patrick Fields, CFO; Amber Vucina, CHRO;
Adam Willoughby, COO; Denise King, LFHD Clerk.
Staff absent:

CALL TO ORDER

Amy Foster, Chair called the meeting of the Last Frontier Healthcare District (LFHD) Board of Directors (Board) to order at 1:00 pm. The meeting location was City Hall, at 200 W. North Street in Alturas, California.

Due to the lack of a quorum, the meeting was informational only.

1. PLEDGE OF ALLEGIANCE TO THE FLAG OF THE UNITED STATES OF AMERICA

2. AGENDA – Additions/Deletions to the Agenda

Paul Dolby moved that the agenda be approved with the removal of all consent agenda items, action items, and executive session items that would require a board action, due to the lack of a quorum being present at this meeting, Amy Foster seconded, and the motion carried with all present voting “aye.”

3. PUBLIC COMMENT

4. DISCUSSION

A.) K. Kramer – County Property Transfer

Kevin provided the Board with a summary of the status for the property transfer of the old hospital located at 228 W. McDowell Ave. between the County and MMC and answered any questions the Board had.

REGULAR SESSION

All Regular Session items requiring Board action were tabled until the May Board Meeting due to the lack of a quorum being present at this meeting, the meeting was informational only.

~~5. **CONSENT AGENDA** – Items under the Consent Agenda heading do not require discussion before a vote. If discussion is needed, that item needs to be moved to the Consideration/Action part of the Agenda where discussion is allowed.~~

~~A.) **J. Carrillo – Medical Staff Committee Meeting Minutes – March 30, 2023.**~~

- ~~• **Medical Staff Committee Meeting Minutes – March 29, 2022.**~~
- ~~• **Medical Staff Committee Minutes Meeting Minutes – February 22, 2023**~~

6. CONSIDERATION/ACTION

A.) P. Fields – March 2023 LFHD Financial Statement (unaudited).

Patrick Fields, CFO presented the **unaudited** Last Frontier Healthcare District Financial Statement for March 2023, from the narratives and financial statements provided in the Board meeting packet.

B.) P. Fields – Resolution #23-02 – Resolution Requesting the Board of Directors to Authorize a Money Market Account with Plumas Bank

7. VERBAL REPORTS

A.) K. Kramer – CEO Report to the Board

Provider Recruitment

- Still looking for permanent Dentist for Canby
- Working on getting more CRNA coverage in place for Surgery currently as well.
- Dr. Syverson is doing some work with us again in the Surgery Department. Glad to have him back.
- Met with local optometrist Kyle Dearing who will begin to participate more closely with our medical staff. Kyle is purchasing the practice in town and intends to become a stable provider in the community. We are excited about this news.

SNF Project Update

- Negotiating with IOR currently for the project. The plan is to engage this IOR without going through the formal RFQ/RFQ process and soliciting bids. We will review the results of other Districts' solicitations that are forthcoming to ensure that pricing is competitive. This will allow us to engage someone that can help facilitate sitework starting in July without delaying site work.
- Also trying to negotiate on site team members with Swinerton currently. Most of the team we were expecting on this project will not be onsite at this point and we are trying to negotiate a lower GMP with Swinerton if that is the case.

QIP Project

- Still training the Quality Director to take this effort on for the facility.
- Working through audit documentation, source code review, mapping instructions, and data extraction right now.
- Reporting is due by the middle of June.
- We are trying to complete audit requirements ahead of time.

Other Items

- Strategic Planning this year will be more abbreviated. A lot of resources allocated to transition to Cerner and SNF Project. We want to ensure that both those projects get all the focus and attention they need so we are setting ourselves up for success long term.

C.) E. Johnson – CNO Report to the Board

Warnerview

- Remains at a 3-star CMS rating.
- The current Census is at 50.
 - Once we reach our goal, we will have a steak lunch for the Warnerview staff.
- Resident activities:
 - We are wanting the Residents to attend the groundbreaking ceremony for the New Skilled Nursing Facility.
- We have three positive Covid residents this week.
- The Residents are now being tested twice a week for Covid-19 and Staff are being tested once a week unless they are symptomatic.
- All Staff are in N95 mask.
- Warnerview is back on lockdown with limited visitations due to positive Covid-19.

Acute

- The current Census is at two with zero COVID positive admissions.
- Masks are not required for the hospital anymore.

Lab

- The remodel plan is currently being worked on to move in the clinic room behind micro.
- We are still looking for a permanent Lab Manager.
- I've been working with the CEO and HR to obtain working Visa's for a couple of CLS candidates.
- We have two CLS candidates coming on board, looking like June or July would be the timeline.

Radiology

- Working on the PACS system transition to Infinitt.

Clinic

- We hired a new Interim Clinic Manager - Susan Campbell.
- We have been working on a couple of projects with the clinic.
 - Standardize the Medical Assistant workflow (Started with this project first).
 - Standardizing the Care Coordinator workflow.
 - Standardizing the front desk workflow.
 - No-show policy ramps up.
 - Lab and Radiology reconciliation complete.

C.) P. Fields – CFO Report to the Board

Accounting

- Medical Audit is still in process.
- Had an initial exit interview with some adjustments.
- Medicare Audit is well underway.
- RHC reconciliations are completed, and Rate Setting for Canby is almost wrapped.
- Interim Rate Review has been completed and submitted. Single Audit was completed on 3/30 and submitted.
- Covid-19 Worker Retention Bonus program funds were received and paid out today.
- Rate Range IGT was received this week came in at \$3.3M higher than we had initially projected.

Office Workers/Floaters

- Two full-time employees
 - One has multiple daily tasks and one assigned to Radiology.
- One new hire started yesterday, so we're in a good place now.

Purchasing

- Working on Cerner build.

Medical Records

- Working on Cerner build.

Revenue Cycle/Business Office

- Working on Cerner build and Medicare Penalty research to get a resolution.

D.) A. Vucina – CHRO Report to the Board

Unem

- Staying busy working through Unem.

E.) A. Willoughby – COO Report to the Board

Cerner Implementation

- Cerner is still taking up a majority of my time. We just wrapped up our first big Cerner event called Workflow & Integration (WFIN) last week and that went really well. Still on track for 8/14/23 go-live date.

Ellkay Archival Solution

- Ellkay archival solution project is in the data migration phase and is progressing just fine. Goal is to have all data migrated from legacy systems into the archive by the Cerner go-live date.

Picture Archiving and Communication System (PACS)

- Infinitt PACS project is also in the data migration phase and the 1.5TB of data is actively being migrated.

Canby Clinic

- On the Canby front, we are still actively looking for a Dentist and that search is proving to be very difficult.

New SNF Project

- On the new SNF project, I'm working through the remaining hospital addition equipment items that came out of the final hospital addition equipment planning meeting. Also, closing the loop on the local fire approval fire forms that NM&R needs for HCAI submission.

F.) Board Member Reports

- **Jim Cavasso** – Not present.

- Amy Foster – Nothing to report.
- De Funk – Not present.
- Carol Madison – Not present.
- Paul Dolby – Nothing to report.

EXECUTIVE SESSION

All Executive Session items were tabled until the May Board Meeting due to the lack of a quorum being present for this meeting, the meeting was informational only.

~~7. CONSIDERATION / ACTION~~

~~A.) J. Carrillo – Medical Executive Committee Minutes & Credentialing Items – March 29, 2023 (Per Evidence Code 1157).~~

- ~~Medical Executive Committee Minutes & Privileging / Credentialing items OPPE 2019B – February 22, 2023.~~

~~B.) A. Foster – CEO Evaluation (per Government Code 54957)~~

RESUME REGULAR SESSION

All Regular Session items were tabled until the May Board Meeting due to the lack of a quorum, the meeting was informational only.

~~8. CONSIDERATION / ACTION~~

~~A.) J. Carrillo – Medical Executive Committee Minutes & Credentialing Items – March 29, 2023.~~

- ~~Medical Executive Committee Minutes & Privileging / Credentialing – February 22, 2023.~~

~~Based upon character, competence, training, experience and judgment, favorable recommendation by peers and credentialing criteria fulfillments, the Medical Executive Committee recommended the following appointments for Last Frontier Healthcare District Board of Directors’ acceptance:~~

- ~~Zachary Self, M.D. – Recommend reappointment of Limited Active privileges/membership in the Emergency Medicine category.~~
- ~~Nikhil Bordia, M.D. – Recommends appointment of Provisional privileges in the Emergency Medicine and Hospitalist category.~~
- ~~Spencer Clark, M.D. – Recommends appointment of Provisional privileges in the Emergency Medicine and Hospitalist category.~~

~~11.) MOTION TO ADJOURN~~

~~Paul Dolby moved to adjourn the meeting of the Last Frontier Healthcare District Board of Directors at 1:30 pm, Amy Foster seconded, and the motion carried with all present voting “aye.”~~

The next meeting of the Last Frontier Healthcare District’s Board of Directors will be held on May 25, 2023, at 1:00 pm in the Alturas City Council Chambers at City Hall in Alturas, California.

Respectfully Submitted:

Denise R. King
Last Frontier Healthcare District Clerk

Date

ATTACHMENT B

LFHD BOARD OF DIRECTORS SPECIAL MEETING MINUTES

(draft)

May 4, 2023



SPECIAL MEETING MINUTES

LAST FRONTIER HEALTHCARE DISTRICT BOARD OF DIRECTORS

Thursday, May 4, 2023, 4:30 pm
Education Conference Room, Modoc Medical Center
Alturas, California

Directors present: **Amy Foster, De Funk, Edouard (Jim) Cavasso, Carol Madison, and Paul Dolby**
Directors absent:
Staff in attendance: **Kevin Kramer; CEO, Patrick Fields, CFO, Denise King; LFHD District Clerk**
Staff absent:

CALL TO ORDER

Amy Foster, Chair called the special meeting of the Last Frontier Healthcare District (LFHD) Board of Directors (BOD) to order at 4:30 pm. The meeting location was in the Education Conference Room at Modoc Medical Center in Alturas, California.

1. PLEDGE OF ALLEGIANCE TO THE FLAG OF THE UNITED STATES OF AMERICA

2. AGENDA – Additions/Deletions to the Agenda

De Funk moved that the agenda be approved as presented, **Paul Dolby** seconded, and the motion carried with all present voting “aye.”

3. PUBLIC COMMENT

No Public Comment.

REGULAR SESSION

4. CONSIDERATION / ACTION

A.) P. Fields – Money Market Account #23-02 Resolution

Carol Madison moved to approve **Resolution #23-02 – Resolution Requesting the Board of Directors to Authorize opening a Money Market Account at Plumas Bank**, and **De Funk** seconded. **Amy Foster, Chair**, called for a roll call vote:

- | | |
|--------------------------------|-----|
| • Edouard (Jim) Cavasso | Aye |
| • Amy Foster | Aye |
| • De Funk | Aye |
| • Carol Madison | Aye |
| • Paul Dolby | Aye |

The motion to approve **Resolution #23-02 – Resolution Requesting the Board of Directors to Authorize opening a Money Markey Account at Plumas Bank** as presented carried with all present voting “aye” as shown in the roll call vote above.

B.) P. Fields – Reinvestment in short-term US Treasury

Patrick Fields requested the approval of the Board to roll over the three-month Treasuries prior to their maturity to take advantage of higher rates for another three months, based on the recommendation of the District’s financial advisor and an anticipated decline in the interest rates for these treasuries in the near future.

Jim Cavasso moved to approve the reinvestment on short-term US Treasury’s as presented, **Carol Madison** seconded, and the motion carried with all present voting “aye.”

5.) MOTION TO ADJOURN

Carol Madison moved to adjourn the Special Meeting of the Last Frontier Healthcare District Board of Directors at 4:34 pm, **De Funk** seconded, and the motion carried with all present voting “aye.”

The next regular meeting of the Last Frontier Healthcare District’s Board of Directors will be held on Thursday, May 25, 2023 at 1:00 pm in the Alturas City Council Chambers at City Hall in Alturas, California.

Respectfully Submitted:

Denise King
Last Frontier Healthcare District Clerk

Date

ATTACHMENT C

**MEDICAL STAFF COMMITTEE
MEETING MINUTES**

March 29, 2023



DATE: MAY 25, 2023
TO: GOVERNING BOARD
FROM: J. CARRILLO – CREDENTIALING AIDE
SUBJECT: MEDICAL STAFF COMMITTEE MINUTES

The following Medical Staff Committee minutes were reviewed and accepted at the March 29, 2023, meeting and are presented for Governing Board review:

A. Review of Minutes

1. Medical Staff Committee- February 22,2023



**MEDICAL STAFF COMMITTEE MEETING
February 22, 2023 – Education Building**

MINUTES

In Attendance

Dr. M. Edmonds, MD Chief Medical Officer
 Edward Richert, MD Vice Chief Medical Officer
 Zachary Self, MD
 Ruth Moeller - FNP
 Heather Caldwell – PA-C
 Ed Johnson – CNO

Kevin Kramer - CEO
 Alicia Doss – Risk Management
 Mike Gracza - Pharmacist
 Maria Morales -MSC/H.I.M Director
 Julie Carrillo – Credentialing Aide

SUBJECT	DISCUSSION	ACTION
I. CALL TO ORDER	After noting that the required members were present to constitute a quorum, the regularly scheduled Medical Staff Committee meeting was called to order by Dr. M Edmonds, Chief Medical Officer, at 1202.	
II. CONSENT AGENDA ITEMS	A. The following minutes were reviewed: 1. Medical Staff Committee meeting of January 25, 2023	Minutes approved by motion, second and vote. Forward to Governing Board.
III. PATHOLOGY REPORT	January 17, 2023	Report at next meeting
IV. CHIEF MEDICAL OFFICER REPORT	Things are going well in the clinic. Chelsea has been transitioned into same day and she has been doing well. Chelsea’s patients are on a list to be passed off that will establish with another provider. Tony is set up and doing very well. Annual Provider reviews will be more focused on their job descriptions and will have more concrete data to	Report at next meeting

SUBJECT	DISCUSSION	ACTION
	share with them. This will coincide with the institution of the new EMR because the data that is used to fill them out appropriately can be gathered from Cerner in ways that are much easier than with ECW. Still working on the policy for walk ins.	
V. EMERGENCY ROOM REPORT	Nothing to report.	
VI. CEO REPORT	<p>Provider recruitment wise, finalizing the schedule for Landon Hagge. Thinking of starting him a week later due to a scheduled trip. Still looking for a dentist for Canby Clinic. There has been a couple that have come out, but none have worked out. Still actively looking for a shared surgeon and CRNA between Mayers and us. Other areas looking to fill is Permanent Physical Therapist and the DON position. The USDA loan was approved. We also received the USDA ERHC grant for \$1,000,000. \$24,000,000 loan and the \$1,000,000 grant for equipment for the SNF. Site work is still scheduled to bid next month and then start construction in May. Follow up on 5150 holds we are now working through a process with Public Health where those that are on hold in the ER after their initial hold period they are entitled to a hearing if they want. We are working with Public Health to get this set up and the patient rights notifications delivered to patients that are on 5150 holds. This could prevent the holds from being abused. Currently working with Stacie on establishing a daily rate that they would pay for 5150 holds to help support their patients being in the ER for extended period of time. The County Health Services has started opioid collision meetings. Dr. Edmonds and Dr. Mandel will be representing us.</p>	Report at next meeting
VII. CNO REPORT	Regarding the 5150 holds we asked public health if the patient is here for a long period of time can we have access to their tele-psych consult so that we can be doing something for the patient while they are in the hospital. We were able to use for one patient They used the existing computer which does have a	Report at next meeting

SUBJECT	DISCUSSION	ACTION
	<p>camera on it. The only downside was the volume. Going forward we are thinking about doing the Tele-psych visits in the family room. IT will set up speakers. The covid trailer will be officially closed. Currently in the trial period with PureWick in Warnerview. We have started looking at long term care partnership QIP for the SNF.</p> <p>By the 28th we need a facility that we can do CAIRS under. Looking into whether we need a third since we have two an MMC. Working with Jenny to reconcile the lab and radiology results in ECW. There is a core group getting together to form a MA training program.</p>	
<p>VIII. PHARMACY REPORT</p>	<p>Keeping busy with the beginning of the Cerner rollout. Working on charge codes and formulary builds. Learning some of the ways they are going to train the trainers and viewing the videos. Working on some protocols for the outpatient infusion program so that protocols will be in print for all drugs that we are currently using. Still dealing with drug shortages.</p>	<p>Report at next meeting</p>
<p>IX. SNF REPORT</p>	<p>Still pushing at 48. Two tentative admits coming over. Goal is to be at 50. The GDR are doing well we are coming down very effectively.</p>	<p>Report at next meeting</p>
<p>NEW BUSINESS</p>	<p>A. Quality Update</p>	<p>Report at next meeting</p>
<p>III. ADJOURNMENT</p>	<p>The meeting was adjourned at 1230</p>	

Matthew Edmonds, Chief Medical Officer

Date

ATTACHMENT D

LFHD FINANCIAL STATEMENT
April 2023
(unaudited)

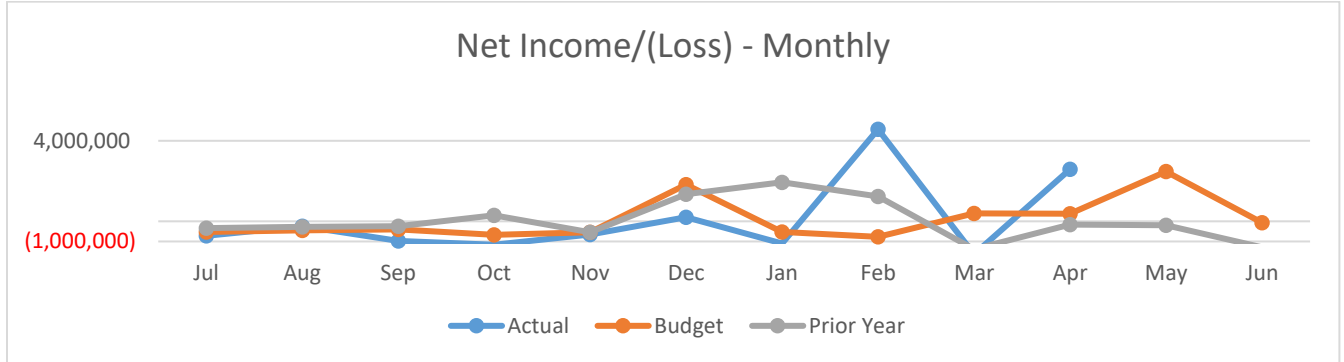


Modoc Medical Center
Financial Narrative
For the Month of April 2023

Prepared by Patrick Fields, CFO

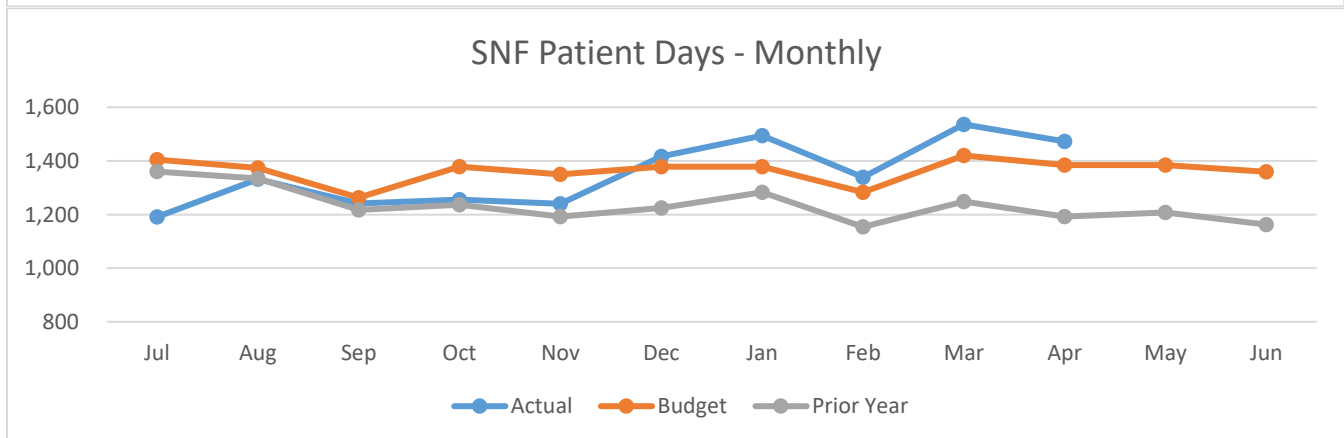
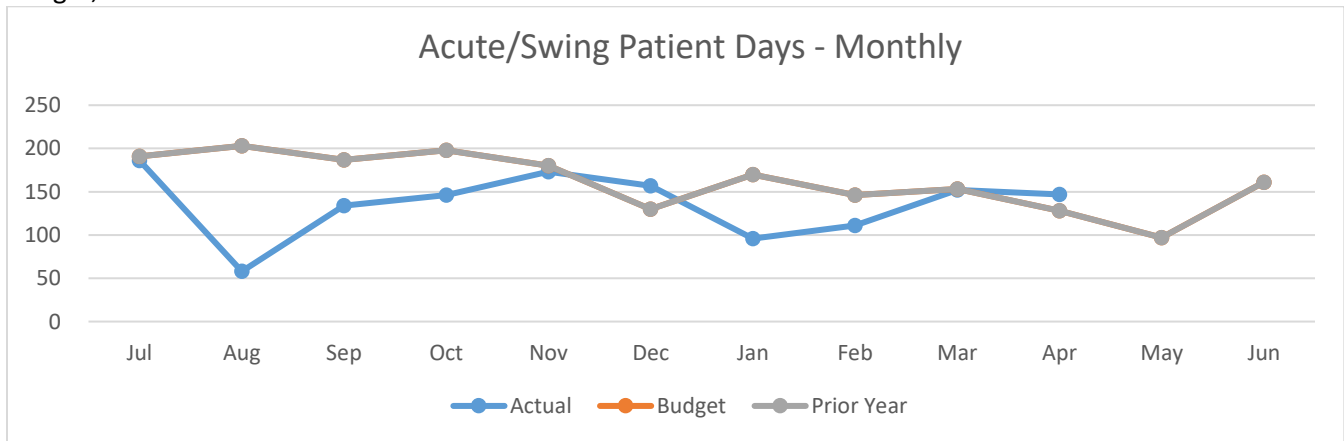
Summary

During the month of April, Modoc Medical Center reported a net income from operations of \$2,051,378 representing stronger than was budgeted, \$473,834. Both Inpatient revenue was up while outpatient revenue was down from the prior month. Total patient revenue was \$4,017,549 down from \$4,346,948. Net income, including Non-Operating Activity, of \$2,587,092 is stronger than budgeted.



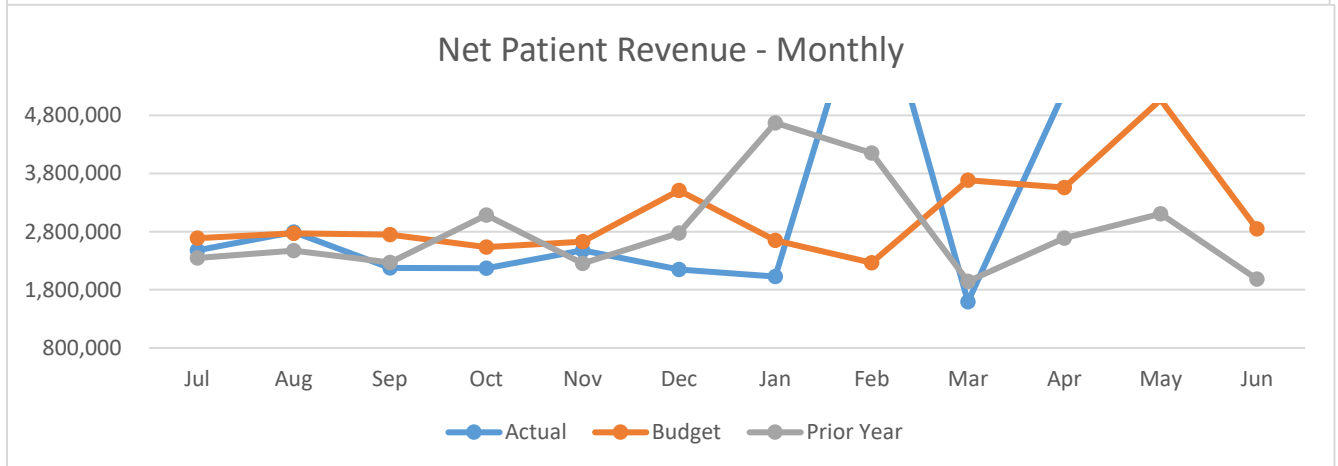
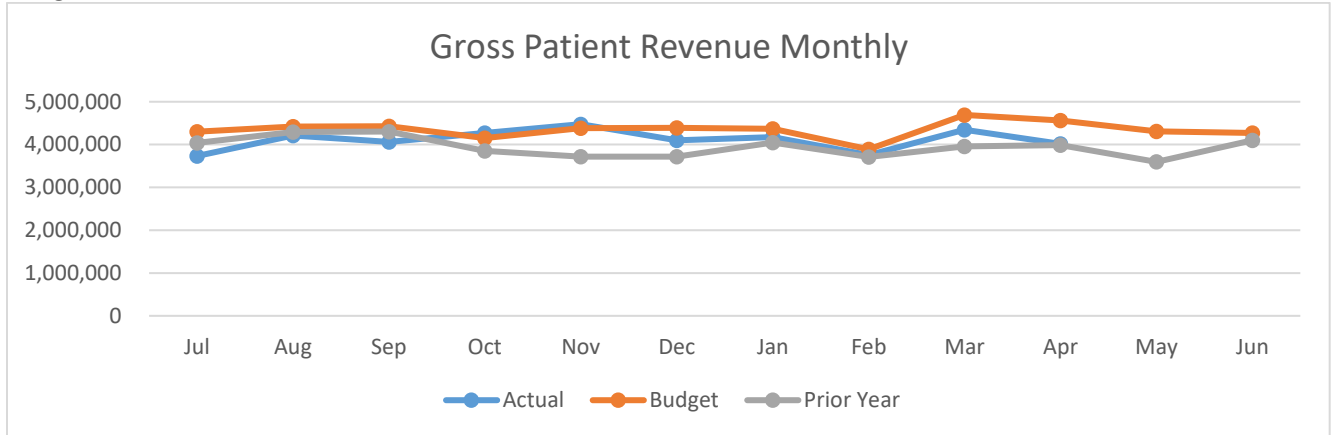
Patient Volumes

Combined Acute Days were under budget for the month by 1. The SNF Patient Days increased to 1,536 over budget by 288 days. Overall Inpatient Days were over budget by 187 (1,688 actual vs. 1,401 budget). Outpatient volumes saw ER, Ambulance and Radiology as the only departments that exceeded budget, all others were under.



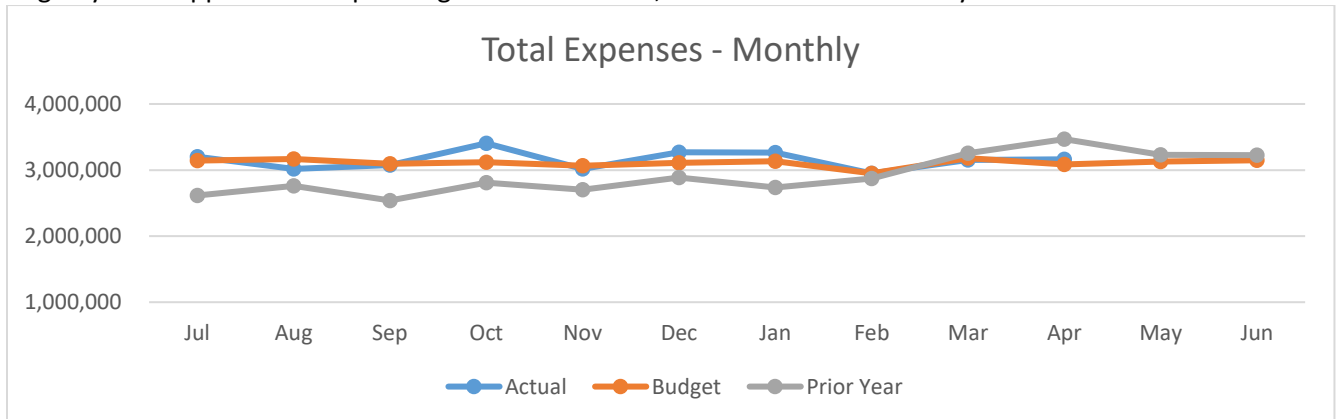
Revenues

Gross Patient Revenues were \$4.018 million, under budget of \$4.563 million. Of this, the Inpatient Revenue was over budget by \$137K and Outpatient Revenue under budget by \$683K. Net Patient Revenue is \$4.923 million. Net Patient Revenue was positively impacted by the receipt of the Rate Range IGT.



Expenses

Total Operating Expenses were \$3.161 million this month, compared to a budget of \$3.085 million. Operating expenses were up \$9K from the prior month. The increase was seen in salaries and Pro Fees. Registry and Supplies did drop during the month while, all others were relatively stable.



Non-Operating Activity

Non-Operating income for the month was \$535.7K. Property Tax Revenue of \$560K was recognized during the month, Interest income for the month was \$94.7K offset by district vouchers and expenses of (\$8.5K), interest expense of (\$84.5K) and Retail Pharmacy reported a loss of (\$26K). Net income for the month was \$5,587,092.

Balance Sheet

Cash increased by \$14.253 million during the month to \$35.283 million. The increase in cash was due to the receipt of the Rate Range and QIP supplemental reimbursement programs. There was an additional \$525K increase in CIP during the month for the new SNF. Total assets increased by \$3.122 million during the month, while total liabilities increased by \$532K. Days in Cash increased to 339. Days in AP increased from 12 to 16. Net AR as a percent of Gross AR dropped to 48.7%. Current ratio declined to 12.24 times.

Modoc Medical Center
Income Statement
For the month of April 2023

	<u>Month</u>	<u>Budget</u>	<u>Variance</u>	Prior Year <u>Month</u>	<u>YTD</u>	<u>Budget</u>	<u>Variance</u>	Prior Year <u>YTD</u>
Revenues								
Room & Board - Acute	373,497	284,010	89,487	284,713	3,051,179	3,735,999	(684,820)	3,636,157
Room & Board - SNF	826,436	752,204	74,232	609,123	7,344,535	7,398,123	(53,588)	6,380,743
Ancillary	227,048	253,523	(26,475)	342,176	2,495,713	3,163,415	(667,702)	3,130,673
<u>Total Inpatient Revenue</u>	<u>1,426,982</u>	<u>1,289,737</u>	<u>137,245</u>	<u>1,236,012</u>	<u>12,891,427</u>	<u>14,297,537</u>	<u>(1,406,110)</u>	<u>13,147,574</u>
Outpatient Revenue	2,590,567	3,273,585	(683,018)	2,750,668	28,250,491	29,289,413	(1,038,922)	26,489,000
<u>Total Patient Revenue</u>	<u>4,017,548</u>	<u>4,563,322</u>	<u>(545,774)</u>	<u>3,986,680</u>	<u>41,141,918</u>	<u>43,586,950</u>	<u>(2,445,032)</u>	<u>39,636,574</u>
Bad Debts	164,006	150,891	13,115	168,628	1,161,737	1,441,445	(279,708)	1,284,536
Contractuals Adjs	(1,121,332)	900,975	(2,022,307)	1,107,655	8,854,195	13,497,719	(4,643,524)	8,784,968
Admin Adjs	51,613	53,890	(2,277)	23,743	1,051,885	493,280	558,605	910,103
<u>Total Revenue Deductions</u>	<u>(905,712)</u>	<u>1,105,756</u>	<u>(2,011,468)</u>	<u>1,300,025</u>	<u>11,067,816</u>	<u>15,432,444</u>	<u>(4,364,628)</u>	<u>10,979,607</u>
<u>Net Patient Revenue</u>	<u>4,923,261</u>	<u>3,457,566</u>	<u>1,465,695</u>	<u>2,686,655</u>	<u>30,074,102</u>	<u>28,154,506</u>	<u>1,919,596</u>	<u>28,656,967</u>
<i>% of Charges</i>	<i>122.5%</i>	<i>75.8%</i>	<i>46.8%</i>	<i>67.4%</i>	<i>73.1%</i>	<i>64.6%</i>	<i>8.5%</i>	<i>72.3%</i>
Other Revenue	289,173	101,894	187,279	89,801	851,486	878,798	(27,312)	535,088
<u>Total Net Revenue</u>	<u>5,212,433</u>	<u>3,559,460</u>	<u>1,652,973</u>	<u>2,776,455</u>	<u>30,925,588</u>	<u>29,033,304</u>	<u>1,892,284</u>	<u>29,192,055</u>
Expenses								
Salaries	1,458,966	1,208,119	250,847	1,116,498	12,468,106	11,922,828	545,278	10,812,936
Benefits and Taxes	281,587	257,924	23,663	323,435	2,586,035	2,560,843	25,192	2,457,558
Registry	181,748	412,379	(230,631)	653,302	3,345,499	4,123,790	(778,291)	3,808,002
Professional Fees	472,249	394,659	77,590	498,679	4,737,418	3,892,790	844,628	3,683,980
Purchased Services	143,256	122,170	21,086	132,876	1,488,199	1,349,343	138,856	1,289,199
Supplies	254,664	293,582	(38,918)	490,439	3,099,885	3,165,689	(65,804)	3,293,851
Repairs and Maint	29,615	24,916	4,699	23,034	250,086	260,365	(10,279)	187,001
Lease and Rental	3,592	6,693	(3,101)	4,245	36,459	66,930	(30,471)	58,226
Utilities	54,444	59,054	(4,610)	57,505	565,585	580,506	(14,921)	558,780
Insurance	31,918	27,060	4,858	27,905	329,704	270,600	59,104	283,122
Depreciation	175,485	173,609	1,876	174,757	1,744,790	1,735,925	8,865	1,743,606
Other	73,531	105,461	(31,930)	72,631	910,758	1,120,962	(210,204)	695,251
<u>Total Operating Expenses</u>	<u>3,161,055</u>	<u>3,085,626</u>	<u>75,429</u>	<u>3,575,306</u>	<u>31,562,523</u>	<u>31,050,571</u>	<u>511,952</u>	<u>28,871,513</u>
<u>Income from Operations</u>	<u>2,051,378</u>	<u>473,834</u>	<u>1,577,544</u>	<u>(798,851)</u>	<u>(636,935)</u>	<u>(2,017,267)</u>	<u>1,380,332</u>	<u>320,543</u>
Property Tax Revenue	551,706	(5,621)	557,327	591,265	1,913,879	1,416,614	497,265	2,012,032
Interest Income	94,654	180	94,474	26,903	424,782	84,510	340,272	71,555
Interest Expense	(84,509)	(80,244)	(4,265)	(84,726)	(841,810)	(816,703)	(25,107)	(848,370)
Gain/Loss on Asset Disposal	0	0	0	0	0	0	0	0
Retail Pharmacy Net Activity	(26,137)	(3,835)	(22,302)	(9,794)	(49,217)	23,790	(73,007)	74,586
Other Non-Operating Income	0	0	0	0	0	0	0	0
<u>Total Non-Operating Revenue</u>	<u>535,714</u>	<u>(89,520)</u>	<u>625,234</u>	<u>523,648</u>	<u>1,447,634</u>	<u>708,211</u>	<u>739,423</u>	<u>1,309,805</u>
<u>Net Income/(Loss)</u>	<u>2,587,092</u>	<u>384,314</u>	<u>2,202,778</u>	<u>(275,203)</u>	<u>810,699</u>	<u>(1,309,056)</u>	<u>2,119,755</u>	<u>1,630,347</u>
<u>EBIDA</u>	<u>2,847,086</u>	<u>638,167</u>	<u>2,208,919</u>	<u>(15,719)</u>	<u>3,397,299</u>	<u>1,243,572</u>	<u>2,153,727</u>	<u>4,222,323</u>
Operating Margin %	39.4%	13.3%	26.0%	-28.8%	-2.1%	-6.9%	4.9%	1.1%
Net Margin %	49.6%	10.8%	38.8%	-9.9%	2.6%	-4.5%	7.1%	5.6%
EBIDA Margin %	54.6%	17.9%	36.7%	-0.6%	11.0%	4.3%	6.7%	14.5%

Modoc Medical Center
Income Statement Trend

	<u>May-22</u>	<u>Jun-22</u>	<u>Jul-22</u>	<u>Aug-22</u>	<u>Sep-22</u>	<u>Oct-22</u>	<u>Nov-22</u>	<u>Dec-22</u>	<u>Jan-23</u>	<u>Feb-23</u>	<u>Mar-23</u>	<u>Apr-23</u>
Revenues												
Room & Board - Acute	190,721	274,801	390,638	147,605	296,310	315,833	383,878	360,283	218,853	245,685	318,596	373,497
Room & Board - SNF	617,397	620,439	647,144	723,078	674,245	681,936	673,990	771,185	811,413	727,047	808,062	826,436
Ancillary	199,225	303,101	354,825	223,401	248,530	236,727	390,086	216,360	196,146	149,641	252,948	227,048
Total Inpatient Revenue	1,007,342	1,198,341	1,392,607	1,094,084	1,219,086	1,234,497	1,447,954	1,347,828	1,226,412	1,122,373	1,379,606	1,426,982
Outpatient Revenue	2,588,337	2,903,952	2,341,359	3,114,722	2,845,765	3,033,583	3,028,322	2,752,557	2,946,872	2,629,403	2,967,342	2,590,567
Total Patient Revenue	3,595,679	4,102,294	3,733,966	4,208,806	4,064,851	4,268,080	4,476,275	4,100,385	4,173,284	3,751,776	4,346,948	4,017,549
Bad Debts	(14,014)	81,636	(25,219)	88,665	132,343	2,052	139,595	378,483	58,332	6,304	217,176	164,006
Contractual Adjs	408,339	1,871,138	1,234,965	1,238,264	1,480,421	1,958,091	1,836,928	1,635,304	1,845,559	(3,802,666)	2,548,661	(1,121,332)
Admin Adjs	95,926	167,302	46,662	86,502	272,702	134,166	21,989	49,953	211,239	78,648	98,412	51,613
Total Revenue Deductions	490,250	2,120,076	1,256,408	1,413,431	1,885,466	2,094,308	1,998,512	2,063,740	2,115,129	(3,717,715)	2,864,249	(905,712)
Net Patient Revenue	3,105,429	1,982,218	2,477,557	2,795,375	2,179,385	2,173,771	2,477,763	2,036,645	2,058,155	7,469,490	1,482,699	4,923,261
% of Charges	86.4%	48.3%	66.4%	66.4%	53.6%	50.9%	55.4%	49.7%	49.3%	199.1%	34.1%	122.5%
Other Revenue	18,519	27,617	33,005	11,157	26,662	68,749	34,260	113,433	23,396	139,843	111,808	289,173
Total Net Revenue	3,123,948	2,009,835	2,510,562	2,806,532	2,206,047	2,242,520	2,512,023	2,150,078	2,081,551	7,609,333	1,594,507	5,212,434
Expenses												
Salaries	1,115,949	1,128,341	1,193,758	1,183,945	1,203,080	1,235,516	1,153,843	1,254,493	1,363,954	1,190,511	1,230,039	1,458,966
Benefits and Taxes	245,314	247,108	240,273	241,064	237,439	363,246	147,051	259,605	291,975	253,736	270,060	281,587
Registry	595,782	619,634	487,550	365,429	357,934	501,782	329,304	330,222	208,026	312,756	263,830	181,748
Professional Fees	470,412	415,236	481,482	451,272	479,445	477,075	480,277	470,755	522,401	415,592	434,761	472,249
Purchased Services	153,328	148,239	71,797	129,535	137,112	143,903	206,410	193,825	143,853	131,096	186,667	143,256
Supplies	316,870	300,043	352,387	275,006	317,318	308,157	322,115	335,354	313,846	310,289	310,744	254,664
Repairs and Maint	17,854	20,277	33,038	12,021	30,399	10,272	30,430	28,579	31,950	12,516	31,266	29,615
Lease and Rental	3,622	3,382	5,837	3,543	3,222	3,804	3,357	3,316	3,496	3,164	3,128	3,592
Utilities	44,526	60,539	40,460	67,656	35,652	58,470	48,915	64,956	49,880	37,923	105,130	54,444
Insurance	27,906	27,805	32,409	32,409	32,409	32,409	32,409	32,409	34,228	34,878	34,228	31,918
Depreciation	173,453	172,910	171,815	170,952	170,336	175,617	177,436	171,501	177,216	177,216	177,216	175,485
Other	65,295	81,628	79,402	83,785	69,639	94,744	83,608	125,768	125,411	69,403	105,418	73,531
Total Operating Expenses	3,230,311	3,225,142	3,190,208	3,016,617	3,073,986	3,404,996	3,015,154	3,270,781	3,266,236	2,949,081	3,152,488	3,161,055
Income from Operations	(106,363)	(1,215,307)	(679,646)	(210,085)	(867,938)	(1,162,476)	(503,130)	(1,120,703)	(1,184,685)	4,660,252	(1,557,981)	2,051,379
Property Tax Revenue	(6,675)	(4,712)	(3,116)	(4,708)	(2,352)	(2,326)	(4,054)	1,398,172	(5,505)	(3,595)	(10,342)	551,706
Interest Income	143	143	65,455	133	128	109,352	144	163	154,275	228	251	94,654
Interest Expense	(86,829)	(88,708)	(85,713)	(85,986)	(82,814)	(86,039)	(82,648)	(82,093)	(86,347)	(80,174)	(85,488)	(84,509)
Gain/Loss on Asset Disposal	0	0	0	0	0	0	0	0	0	0	0	0
Retail Pharmacy Net Activity	10,289	11,723	(16,795)	63,299	(26,409)	(23,442)	(61,407)	9,893	22,008	(7,358)	17,130	(26,137)
Other Non-Operating Income	0	0	0	0	0	0	0	0	0	0	0	0
Total Non-Operating Revenue	(83,072)	(81,553)	(40,169)	(27,262)	(111,447)	(2,455)	(147,964)	1,326,135	84,431	(90,899)	(78,449)	535,714
Net Income	(189,435)	(1,296,860)	(719,815)	(237,347)	(979,385)	(1,164,930)	(651,095)	205,432	(1,100,253)	4,569,353	(1,636,430)	2,587,092
EBIDA												
EBIDA	70,847	(1,035,243)	(462,287)	19,591	(726,235)	(903,275)	(391,012)	459,026	(836,690)	4,826,743	(1,373,726)	2,847,086
Operating Margin %	-3.4%	-60.5%	-27.1%	-7.5%	-39.3%	-51.8%	-20.0%	-52.1%	-56.9%	61.2%	-97.7%	39.4%
Net Margin %	-6.1%	-64.5%	-28.7%	-8.5%	-44.4%	-51.9%	-25.9%	9.6%	-52.9%	60.0%	-102.6%	49.6%
EBIDA Margin %	2.3%	-51.5%	-18.4%	0.7%	-32.9%	-40.3%	-15.6%	21.3%	-40.2%	63.4%	-86.2%	54.6%

Modoc Medical Center
Balance Sheet
For the month of April

	Unaudited 23-Apr	Unaudited 23-Mar	Unaudited 23-Feb	Unaudited 23-Jan	Unaudited 22-Dec	Unaudited 22-Nov	Unaudited 22-Oct	Audited Jun-22
Cash	15,190,598	232,700	640,648	1,015,360	2,968,718	175,616	623,043	2,096,800
Investments	19,480,676	20,186,275	21,186,275	27,486,275	27,332,196	31,332,196	32,332,196	34,157,685
Designated Funds	611,937	611,447	610,987	611,597	610,018	609,729	609,602	310,150
Total Cash	35,283,212	21,030,421	22,437,909	29,113,231	30,910,931	32,117,541	33,564,841	36,564,635
Gross Patient AR	13,997,170	13,590,520	13,509,910	13,492,368	13,446,995	13,050,597	12,948,679	11,647,858
Allowances	(7,185,586)	(6,171,331)	(5,977,660)	(5,943,083)	(6,017,587)	(5,746,780)	(5,741,644)	(5,026,989)
Net Patient AR	6,811,584	7,419,189	7,532,250	7,549,285	7,429,408	7,303,817	7,207,035	6,620,869
% of Gross	48.7%	54.6%	55.8%	56.0%	55.2%	56.0%	55.7%	56.8%
Third Party Receivable	1,506,131	12,293,029	12,293,029	1,378,086	1,378,086	1,378,086	1,378,086	1,712,857
Other AR	258,873	292,895	260,794	277,039	287,077	263,607	279,045	398,875
Inventory	498,383	491,945	493,802	506,032	474,466	479,041	485,116	486,845
Prepays	382,461	441,094	416,902	477,632	525,496	542,738	422,282	559,880
Total Current Assets	44,740,643	41,968,574	43,434,687	39,301,305	41,005,464	42,084,830	43,336,406	46,343,961
Land	713,540	713,540	713,540	713,540	713,540	713,540	713,540	713,540
Bldg & Improvements	47,326,806	47,326,806	47,326,806	47,326,806	47,326,806	47,326,806	47,180,630	47,162,430
Equipment	12,618,550	12,618,550	12,618,550	12,618,550	12,134,101	12,134,101	12,134,101	12,134,101
Construction In Progress	6,239,125	5,713,395	5,322,449	5,702,698	5,405,807	3,295,052	3,426,153	3,055,521
Fixed Assets	66,898,021	66,372,291	65,981,345	66,361,594	65,580,254	63,469,499	63,454,424	63,065,592
Accum Depreciation	(16,393,362)	(16,217,809)	(16,040,524)	(15,863,240)	(15,685,955)	(15,514,387)	(15,336,883)	(14,647,890)
Net Fixed Assets	50,504,659	50,154,483	49,940,821	50,498,354	49,894,299	47,955,112	48,117,541	48,417,701
Other Assets	0	0	0	0	0	0	0	0
Total Assets	95,245,302	92,123,056	93,375,508	89,799,660	90,899,762	90,039,942	91,453,946	94,761,662
Accounts Payable	1,698,923	1,315,307	1,510,481	1,878,133	2,009,957	1,510,761	1,897,219	1,757,386
Accrued Payroll	1,147,404	1,078,298	961,880	951,180	749,262	672,268	1,128,288	734,088
Patient Trust Accounts	6,365	5,998	5,666	6,198	4,715	4,695	4,630	5,313
Third Party Payables	480,000	480,000	480,000	480,000	480,000	480,000	480,000	510,000
Accrued Interest	318,014	238,511	156,357	82,154	483,647	405,469	325,965	490,978
Other Current Liabilities	5,479	5,479	5,479	5,479	5,480	5,479	5,479	5,479
Total Current Liabilities	3,656,185	3,123,592	3,119,863	3,403,144	3,733,061	3,078,672	3,841,581	3,503,244
Long Term Liabilities	33,165,000	33,165,000	33,165,000	33,165,000	33,165,000	33,165,000	33,165,000	33,645,000
Total Liabilities	36,821,185	36,288,592	36,284,863	36,568,144	36,898,061	36,243,672	37,006,581	37,148,244
Fund Balance	57,613,418	57,613,418	56,312,050	56,312,050	56,312,050	56,312,050	56,312,050	56,312,050
Current Year Income/(Loss)	810,699	-1,778,954	1,158,844	-3,410,509	-2,310,349	-2,515,780	-1,864,685	1,301,368
Total Equity	58,424,117	55,834,464	57,470,894	52,901,541	54,001,701	53,796,270	54,447,365	57,613,418
Total Liabilities and Equity	95,245,302	92,123,057	93,755,757	89,469,685	90,899,762	90,039,942	91,453,946	94,761,662
Days in Cash	339	202	215	279	297	308	322	351
Days in AR (Gross)	100	97	97	97	96	94	93	83
Days in AP	16	12	14	17	18	34	43	41
Current Ratio	12.24	13.44	13.92	11.55	10.98	13.67	11.28	13.23

STATEMENT OF CASH FLOWS

April-23

	CURRENT MONTH	FISCAL YEAR
CASH FLOWS FROM OPERATING ACTIVITIES		
NET INCOME	2,587,092	810,699
ADJUSTMENTS TO RECONCILE NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
DEPRECIATION EXPENSE	175,553	1,745,472
CHANGE IN PATIENT ACCOUNTS RECEIVABLE	607,605	-190,715
CHANGE IN OTHER RECEIVABLES	10,820,920	346,728
CHANGE IN INVENTORIES	-6,438	-11,538
CHANGE IN PREPAID EXPENSES	58,632	177,418
CHANGE IN ACCOUNTS PAYABLE	386,177	-58,466
CHANGE IN ACCURED EXPENSES PAYABLE	79,503	-172,964
CHANGE IN ACCRUED SALARIES AND RELATED TAXES	69,106	413,316
CHANGE IN OTHER PAYABLES	0	-30,000
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	12,191,058	2,219,251
CASH FLOWS FROM INVESTMENT ACTIVITIES		
PURCHASE OF EQUIPMENT/CIP	-525,730	-3,832,429
CUSTODIAL HOLDINGS	370	1,055
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	-525,360	-3,831,374
CASH FROM FINANCING ACTIVITIES		
	0	-480,000
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	0	-480,000
CASH AT BEGINNING OF PERIOD	21,030,422	36,564,635
NET INCREASE (DECREASE) IN CASH	14,252,790	-1,281,423
CASH AT END OF PERIOD	35,283,212	35,283,212

MODOC MEDICAL CENTER
"FULL TIME EQUIVALENT REPORT"
 Twelve Months Ending: April 31, 2023

Department	Apr-23	Mar-23	Feb-23	Jan-23	Dec-22	Nov-22	Oct-22	Sep-22	Aug-22	Jul-22	Jun-22	May-22	12 Mo Ave
Med / Surg	13.80	12.23	13.44	16.17	15.25	14.62	14.59	13.03	13.27	15.35	13.64	14.02	14.12
Comm Disease Care					0.03	0.06	0.06	0.1	0.07	0.3	0.14	0.19	0.12
Swing Beds													#DIV/0!
Long Term - SNF	44.91	43.83	46.28	45	43.54	45.03	44.25	46.06	46.78	46.08	46.82	45.47	45.34
Emergency Dept	10.14	11.26	10.01	8.56	10.00	11.31	9.32	9.73	7.97	9.46	8.43	8.37	9.55
Ambulance - Alturas	10.65	10.29	9.43	10.17	9.31	9.8	10.00	10.06	10.09	9.29	9.75	10.15	9.92
Clinic	20.64	21.59	23.12	21.28	22.10	21.52	21.59	20.56	20.67	20.77	21.79	21.67	21.44
Canby Clinic	7.74	7.91	8.37	7.68	8.10	7.99	7.26	7.31	8.21	9.82	10.85	10.76	8.50
Canby Dental	3.03	2.26	2.87	3.23	3.03	2.83	3.39	3.79	3.73	4.83	4.15	3.47	3.38
Surgery	4.13	5.17	5.58	3.96	3.46	3.65	4.59	5.77	4.01	3.83	4.52	4.91	4.47
IRR											0.06		0.06
Lab	8.10	7.61	7.94	7.37	8.41	8.91	7.97	7.89	8.18	8.82	8.27	7.51	8.08
Radiology	5.17	3.51	3.87	3.77	4.27	6.04	4.56	4.7	3.71	3.8	3.65	3.51	4.21
MRI													#DIV/0!
Ultrasound	1.34	1.44	1.42	1.26	1.08	1.09	1.18	1.44	1.18	1.66	1.59	1.49	1.35
CT	1.97	1.36	1.50	1.35	1.63	1.54	1.62	1.36	2.25	1.47	1.65	1.5	1.60
Pharmacy	1.93	1.79	1.92	1.76	2.02	1.93	1.74	1.63	1.93	1.7	1.76	1.74	1.82
Physical Therapy	7.33	6.33	5.55	5.22	6.41	5.01	6.01	6.68	8.21	6.11	5.87	6.26	6.25
Other PT						0.11	0.08	0.11	0.04	0.03	0.15	0.17	0.10
Dietary	18.03	18.38	18.63	17.8	17.85	18.16	17.62	18.5	18.41	18.51	18.45	18.89	18.27
Laundry	1.04	0.83	1.08	1.05	1.02	1	0.94	0.96	1.81	1.02	2.12	1.33	1.18
Activities	3.57	3.6	3.62	3.49	3.06	3.05	2.86	2.93	1.40	2.93	3.08	3.03	3.05
Social Services	1.70	1.8	1.84	1.72	1.66	1.1	1.91	1.9	1.87	1.81	1.95	2.08	1.78
Purchasing	3.05	2.99	3.08	3.03	3.05	3.03	3.15	3.1	3.00	2.77	3.01	3.04	3.03
Housekeeping	13.01	12.54	12.62	11.79	11.27	12.14	10.99	11.45	10.94	12.52	10.31	10.92	11.71
Maintenance	5.99	6.04	6.06	5.86	6.06	5.73	5.99	5.94	4.97	4.95	5.17	4.96	5.64
Data Processing	5.24	5.65	5.78	5.24	5.43	5.46	5.45	5.19	5.04	5.27	4.48	4.56	5.23
General Accounting	4.03	4.03	4.25	4.07	4.08	4.05	4.03	4.04	4.23	4.08	4.06	3.94	4.07
Patient Accounting	5.58	5.31	5.49	5.52	5.59	4.97	5.71	5.51	7.43	4.99	4.20	4.25	5.38
Administration	3.37	3.34	3.45	3.34	3.45	3.31	3.51	3.32	3.40	3.42	3.24	3.34	3.37
Human Resources	1.87	2	1.99	1.98	2.00	2.04	2.00	2.01	2.00	1.99	1.99	1.98	1.99
Medical Records	7.72	7.74	7.73	7.54	7.76	7.62	7.78	7.43	7.73	7.27	6.83	6.96	7.51
Nurse Administration	2.28	1.97	1.83	2.68	2.09	2.73	2.91	2.81	2.89	2.93	2.68	2.72	2.54
In-Service	1.00	1.03	1.01	1.06	1.02	1.03	1.00	1.00	1.04	1.12	1.19	1.18	1.06
Utilization Review	1.49	1.5	1.50	1.5	1.49	1.2	0.50	0.5	0.48	0.63	0.48	0.5	0.98
Quality Assurance	0.50	0.5	0.51	0.51	0.51	0.58	0.50	0.5	0.53	0.19	0.50	0.48	0.48
Infection Control	0.60	0.54	0.61	0.28	0.55	0.62	0.64	0.62	0.53	0.54	0.62	0.59	0.56
Retail Pharmacy	3.93	4.02	4.32	3.99	4.00	4.3	3.61	3.78	3.57	4.19	4.48	3.94	4.01
TOTAL	224.88	220.39	226.70	219.23	220.58	223.56	219.31	221.71	221.57	224.45	221.93	219.88	222.02

Canby Clinic**Apr-23 YTD FY23**

Gross Rev	<u>\$48,295.40</u>	<u>\$522,367.89</u>
Salaries	\$55,922.75	\$490,463.62
Benefits	\$4,372.78	\$43,414.44
Registry	\$0.00	\$0.00
Pro Fees	\$0.00	\$0.00
Supplies	\$2,884.61	\$54,199.67
Minor Equip	\$0.00	\$1,385.51
Purch Svcs	\$0.00	\$2,077.88
Repairs	\$4.82	\$9,823.37
Depr	\$4,020.28	\$40,202.80
Lease	\$0.00	\$0.00
Utils	\$2,677.60	\$20,058.04
Lic & Taxes	\$246.00	\$4,698.01
Due & Subscriptions	\$4,210.01	\$24,881.72
Outside Training	\$0.00	\$1,104.99
Travel	\$0.00	\$1,167.77
Recruiting	\$0.00	\$5,000.00
Other	\$204.78	\$6,515.28
Total Expenses	<u>\$74,543.63</u>	<u>\$704,993.10</u>
Gross Contribution	<u>-\$26,248.23</u>	<u>-\$182,625.21</u>
Patient Visits	180	1,807

Canby Dental**23-Apr YTD FY 23**

Gross Rev	\$7,227.00	\$516,526.00
Salaries	\$23,082.59	\$167,935.60
Benefits	\$1,343.54	\$15,187.61
Registry	\$0.00	\$0.00
Pro Fees	\$0.00	\$106,442.00
Purch Svcs	\$3,726.25	\$36,406.56
Supplies	\$1,042.50	\$29,982.60
Minor Equip	\$0.00	\$7,529.67
Repairs	\$0.00	\$2,127.40
Lease	\$0.00	\$0.00
Dues & Subscriptions	\$88.55	\$3,856.58
Outside Training	\$55.00	\$120.00
Travel	\$232.43	\$3,717.56
Utils	\$0.00	\$0.00
Ins	\$0.00	\$0.00
Depr	\$499.11	\$2,495.88
Other	\$0.00	\$11,359.64
Total Expenses	<u>\$30,069.97</u>	<u>\$387,161.10</u>
Net Income	<u><u>-\$22,842.97</u></u>	<u><u>\$129,364.90</u></u>
Patient Visits	40	1,742

RETAIL PHARMACY OPERATIONS

	Apr-23	Mar-23	Feb-23
RETAIL PHARM - PRESCRIPTIONS	207,419.83	276,232.80	222,143.14
RETAIL PHARM - OVER THE COUNTER	1,058.35	1,241.22	1,122.95
RETAIL PHARM - REBATES & REFUNDS	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
TOTAL REVENUE	208,478.18	277,474.02	223,266.09
Scripts per Stats	2,234	2,665	2,239
RETAIL PHARM - MANAGEMENT	15,738.78	12,345.89	16,069.85
RETAIL PHARM - TECH & SPECIALIST	18,757.05	19,722.63	15,977.01
RETAIL PHARM - FICA	2,795.28	2,173.02	2,391.95
RETAIL PHARM - VAC & HOL PAY	2,336.52	2,528.54	2,446.46
RETAIL PHARM - PRO FEES OR CONTRACT SE	0.00	0.00	0.00
RETAIL PHARM - CONSULTANT FEES	0.00	0.00	0.00
RETAIL PHARM - PHARMACEUTICALS	172,852.23	201,496.58	171,024.31
RETAIL PHARM - MED SUPPLIES	0.00	110.68	0.00
RETAIL PHARM - MINOR EQUIPMENT	0.00	0.00	0.00
RETAIL PHARM - NON-MED SUPPLIES	533.50	544.87	199.71
RETAIL PHARM - REPAIRS & MAINT	0.00	0.00	0.00
RETAIL PHARM - OTHER PURCH SVCS	7,145.59	6,628.22	8,015.20
RETAIL PHARM - DEPRECIATION	68.12	68.11	68.12
RETAIL PHARM - RENTS & LEASES	7,029.16	3,514.58	7,029.16
RETAIL PHARM - UTILITIES-ELECTRICITY	0.00	0.00	0.00
RETAIL PHARM - WATER	0.00	0.00	0.00
RETAIL PHARM - LICENSES & TAXES	0.00	0.00	0.00
RETAIL PHARMACY - TELEPHONE	0.00	0.00	0.00
RETAIL PHARM - DUES & SUBSCR	0.00	75.02	0.00
RETAIL PHARM - TRAVEL	0.00	0.00	0.00
RETAIL PHARM - RECRUITING	0.00	0.00	0.00
RETAIL PHARM - OTHER	-0.45	-9.89	7.99
RETAIL PHARM - 340B DRUGS	<u>7,359.55</u>	<u>11,145.73</u>	<u>7,394.80</u>
TOTAL EXPENSES	234,615.33	260,343.98	230,624.56
COGS	180,211.78	212,642.31	178,419.11
OP Exp	54,403.55	47,701.67	52,205.45
NET INCOME	-26,137.15	17,130.04	-7,358.47
Sales	208,478.18	277,474.02	223,266.09
COGS	180,211.78	212,642.31	178,419.11
Gross Margin	13.56%	23.36%	20.09%
Avg Gross per Script	93.32	104.12	99.72
Avg COGS per Script	80.67	79.79	79.69
Accumulative Income since opening	401,311.78	427,448.93	410,318.89

Investment	Dollar Amount	APY
LAIF	\$3,068,359	2.89%
3mos T	\$7,500,000	4.62%
6 mos T	\$7,500,000	4.65%
MM	\$15,750,000	3.35%
Total	\$33,818,359	3.88% Weighted Yield

Cash to be Received

Medicare Cost Settlement	\$1,782,605
April Prop Taxes	\$560,109
IGT Outstanding	\$128,044
Total	\$2,470,758

SNF Project CIP to date **\$4,870,411**

Op Cash on hand as of May 9, 2023

Operating Acct	401,613
Retail Pharmacy Acct	343,469
Credit Card Acct	308,916
Total	1,053,998

ATTACHMENT E

Old Hospital Property Transfer Agreement with the County

AGREEMENT FOR TRANSFER OF LAND AND OTHER PROPERTY

THIS AGREEMENT FOR TRANSFER OF LAND AND OTHER PROPERTY (“Agreement”) is entered into and executed as of _____, 2023 (“Effective Date”), by and between Last Frontier Healthcare District, a California health care district (Health & Safety section 32000 et seq.), and political subdivision of the State of California, located at 1111 N. Nagle Street, Alturas, California 96101 (“District”), and County of Modoc, a political subdivision of the State of California, with certain of its administrative offices located at 204 S. Court Street, Suite 100 Alturas, California 96101 (“County”) (District and County are sometimes hereinafter referred to individually, as a “Party” and collectively, as the “Parties), with respect to the following:

1. RECITALS.

- 1.1 District owns and operates a general acute hospital, two rural health clinics, a retail pharmacy, a skilled nursing facility, and a PT department located in various locations in Alturas and Canby, California (“Hospital”).
- 1.2 County is a political subdivision of the State of California (“State”).
- 1.3 District owns certain (i) land more particularly described in Exhibit A attached hereto (“Land”), and (ii) certain assets including structures, out-buildings, fixtures, equipment, mechanical systems and related improvements more particularly described in Exhibit B attached hereto which are located on the Land (“Other Assets”).

2. AGREEMENT TO TRANSFER LAND.

- 2.1 Subject to all the covenants, terms and conditions contained in this Agreement, District agrees to transfer and convey to County, and County agrees receive from District and accept title to the Land, together with all of District’s right, title and interest in and to any easements, privileges and appurtenances of District, and any water rights associated therewith all subject to any liens and other exceptions set forth in the title report set forth in Exhibit C attached hereto (“Title Report”). County hereby approves and accepts the condition of title to the Land as set forth in the Title Report including, without limitation, all easements, privileges and appurtenances, and any water rights associated therewith, and all liens and other exceptions set forth in the Title Report.
- 2.2 District and County agree that District will transfer the Land pursuant to and in accordance with Government Code section 54221(f)(1)(D) to County for its “agency use” as such term is defined in Government Code section 54221(c).
- 2.3 District and County agree that, prior to the Close of Escrow (as defined hereinbelow), (i) by one or more resolutions, District’s board of directors shall have adopted one or more resolutions and declared the Land as “exempt surplus land” pursuant to and in accordance with Government Code section 54221(b)(1), (ii) by one or more resolutions, County’s board of supervisors shall have declared the use to which the County will put the Land which use shall constitute “agency use” as defined in Government Code 54221(c), and (iii) District and County shall have obtained a survey of the Land from a licensed California surveyor which survey shall describe and designate the lot line adjustment required to provide an accurate legal description of the Land to be transferred to County upon the Close of Escrow (“Survey”). The Survey shall include “rights of way” and easements for water, utilities, etc., and the cost thereof shall be borne by District, provided that, as set forth in Schedule 1

attached hereto, if any adjustments set forth in the Survey are made at the request of County, County shall bear the Survey costs related to such requested adjustments. The Parties acknowledge and agree that all matters related to the Survey including, without limitation, payment of fees related to the Survey and the recording of the Survey in the records of the Office of the Modoc County Recorder, shall be handled by the Parties outside of Escrow (defined in Section 4 below).

2.4 The Land will be transferred “as-is” subject to the Survey (which includes the lot line adjustment described in Section 2.3) as recorded in the Office of the Modoc County Recorder prior to the Closing Date and such other liens and exceptions set forth in the Title Report; District does not make any representations or warranties regarding the condition of the Land.

3. AGREEMENT TO TRANSFER OTHER ASSETS.

3.1 Subject to all the covenants, terms and conditions contained in this Agreement, District agrees to transfer and convey to County and County agrees receive from District and accept title to the Other Assets, together with all of District’s right, title and interest in and to any easements, privileges and appurtenances of District, and any water rights associated therewith all subject to any liens and other exceptions set forth in the Title Report which may affect the condition of title to the Other Assets. The Land and the Other Assets are sometimes hereinafter referred to collectively as the “Property.” County hereby approves and accepts the condition of title to the Other Assets as set forth in the Title Report including, without limitation, all easements, privileges and appurtenances, and any water rights associated therewith, and all liens and other exceptions set forth in the Title Report which may affect the condition of title to the Other Assets.

3.2 District and County agree that District will transfer the Other Assets pursuant to and in accordance with Health and Safety Code section 32121.2 to County for its “agency use” as such term is defined in Government Code section 54221(c).

3.3 District and County agree that, prior to the Close of Escrow (as defined hereinbelow), (i) by one or more resolutions, District’s board of directors shall have (A) declared the Other Assets as “surplus property,” and (B) authorized and approved the disposition of the Other Assets in accordance with this Agreement at the fair market value the District’s board of directors has determined, all pursuant to and in accordance with Health and Safety Code section 32121.2, and (ii) by one or more resolutions, County’s board of supervisors shall have declared the use to which the County will put the Other Assets which use shall constitute “agency use” as defined in Government Code 54221(c).

3.4 The Other Assets will be transferred “as-is” subject to the Survey (which includes the lot line adjustment described in Section 2.3) as recorded in the Office of the Modoc County Recorder prior to the Closing Date and such other liens and exceptions set forth in the Title Report which may affect the condition of title to the Other Assets; District does not make any representations or warranties regarding the condition of the Other Assets.

3.5 District and County acknowledge and agree that the old hospital building located at 228 W. McDowell Avenue, Alturas, CA 96101 contains asbestos which, following the Close of Escrow, County may desire to remediate.

3.6 District and County have agreed that if County commences and completes remediation of the asbestos within twenty-four (24) months following the Closing Date, District will contribute an amount not to exceed the lesser of (i) the actual cost of such remediation incurred by County and (ii) \$76,000 (“Remediation Cost Contribution”). Following the expiration of such 24-month period, District shall not be obligated to make any Remediation Cost Contribution.

4. ESCROW.

4.1 Escrow Holder. Chicago Title Company shall be the escrow holder (“Escrow Holder”) with which District and County shall open escrow (“Escrow”) in connection with the transfer of the Property.

4.2 Opening of Escrow. When (i) this fully executed Agreement is delivered to Escrow Holder, Chicago Title Company, 1030 N. Main St., Suite 103, Alturas, California 96101, Attention: Lori Galvin (“Escrow Officer”) and (ii) the Survey has been recorded in the records of the Office of the Modoc County Recorder (which recording the Parties have agreed shall be accomplished outside of Escrow), Escrow shall be deemed open (“Opening of Escrow”), and Escrow Holder shall immediately (in no event later than five (5) business days following the Opening of Escrow) notify County, District, and their respective attorneys in writing of the date of Opening of Escrow.

5. CONDITIONS PRECEDENT TO COUNTY’S PERFORMANCE.

5.1 General. County’s obligation to accept the transfer of and title to the Property is subject to the satisfaction or waiver by County of all the conditions set forth below within the applicable time period specified, provided that if no time period is specified, then the applicable time period will be on or before the Closing Date (defined below). Approval and satisfaction of the contingencies under this Section 5 shall be determined in County’s sole and absolute judgment unless expressly stated otherwise. If all conditions are not satisfied within the applicable time periods required, then, County may terminate the Escrow, or waive in writing those conditions which have not been satisfied.

5.2 Issuance of Title Policy. Placer Title Company (“Title Company”) shall be irrevocably committed to issue the Title Policy (defined below) as described in Section 8.

5.3 Deposit of Documents. District shall have signed, acknowledged, and delivered all documents and instruments to Escrow Holder as required in Section 7.3.

5.4 Validity of Representations and Warranties. All representations and warranties by District in this Agreement shall be true and complete upon the Close of Escrow as if made at that time.

5.5 Performance of Covenants. District shall have timely performed all of its covenants under this Agreement.

6. CONDITIONS PRECEDENT TO DISTRICT’S PERFORMANCE

6.1 General. District’s obligation to transfer and convey the Property is subject to the satisfaction or waiver of all conditions set forth below within the applicable time period specified. If no time period is otherwise specified in this Agreement, the

applicable time period shall be on or before the Closing Date under Section 7. If all conditions are not satisfied within the applicable time periods required, then, District may terminate the Escrow, or waive in writing those conditions which have not been satisfied.

- 6.2 Deposit of Documents and Funds. County shall have signed, acknowledged, and timely delivered all documents, instruments, and funds to Escrow Holder as required in Section 7.2.
- 6.3 Validity of Representations and Warranties. All representations and warranties by County in this Agreement shall be true upon the Close of Escrow.
- 6.4 Performance of Covenants. County shall have timely performed all its covenants under this Agreement.

7. CLOSING OF ESCROW

- 7.1 Closing Date. Escrow shall close on or before 5:00 p.m. Pacific Time on the “Closing Date,” which shall be the date which is no more than five (5) business days following the Escrow Holder’s receipt of all documents required to be delivered to Escrow Holder hereunder including those necessary for recording. The terms “Close of Escrow” and/or “Closing” and/or “Closing Date” are used in this Agreement to mean the time and date (which shall be as provided in this section 7.1) on/at which the Grant Deed (as defined in Section 7.3) is filed for recording by the Escrow Holder in the Office of the Modoc County Recorder.
- 7.2 Deposits to Be Made by County. At or before 5:00 p.m. on the last business day immediately before the Close of Escrow, County shall deliver the following to Escrow Holder.
 - 7.2.1 Immediately available federal funds in the form of a wire transfer in an amount equal to the costs for which County is responsible under this Agreement, and such prorations and closing costs as set forth herein. The wire transfer of funds sent to and received by Escrow Holder’s depository bank account by the Close of Escrow.
 - 7.2.2 Certified copies of the resolution(s) adopted by the board of supervisors of County (i) authorizing and approving the County’s acceptance of transfer of the Property to County, and the execution and delivery of, and the performance under, this Agreement, and (ii) as required under and in accordance with Sections 2 and 3.
 - 7.2.3 Any additional funds (e.g., title insurance charges, proration payments and escrow fees as are customarily paid by a transferee in Modoc County, California) and/or instruments, and signed and properly acknowledged by County if appropriate, as may be necessary to comply with this Agreement.
- 7.3 Deposits to be Made by District. At or before 5:00 p.m. on the last business day immediately before the Close of Escrow, District shall deliver the following to Escrow Holder.
 - 7.3.1 Certified copies of the resolution(s) adopted by the board of directors of District (i) authorizing and approving the transfer of the Property to County, and the execution and delivery of, and the performance under, this Agreement, and (ii) as

required under and in accordance with Sections 2 and 3.

- 7.3.2 A grant deed conveying District's interest in the Property properly signed and acknowledged by District in the form and substance set forth in Exhibit D ("Grant Deed").
- 7.3.3 A Bill of Transfer conveying District's interest in the Other Assets.
- 7.3.4 A Certification of Non-Foreign Status certifying, pursuant to Internal Revenue Code Section 1445, in substantially the form and substance of Exhibit E attached hereto, that District is not a foreign corporation, partnership, trust or estate (as these terms are defined in the Internal Revenue Code and US Department of Treasury Regulations).
- 7.3.5 Any additional funds (e.g., proration payments and escrow fees as are customarily paid by a transferor in Modoc County, California) and/or instruments, and signed and properly acknowledged by District if appropriate, as may be necessary to comply with this Agreement.

8. TITLE POLICY

- 8.1 Insurance. In connection with the Close of Escrow, Title Company shall issue and deliver to County, at County's expense, with a copy to District, its American Land Title Association ("ALTA") extended coverage Owner's Policy of title insurance ("Owner's Title Policy") with liability in the amount of \$_____ insuring the title to the Property vested in County subject only to:
 - 8.1.1 A lien for all nondelinquent general and special real property taxes and assessments not yet due and owing.
 - 8.1.2 Easements, encumbrances, covenants, conditions and restrictions, reservations, rights-of-way, and other matters of record of whatever kind or nature as shown in the Title Report.
 - 8.1.3 Applicable zoning ordinances.

9. CONDITION OF PROPERTY

Except as specifically set forth in this Agreement, and any documents delivered at or before the Closing, District makes no representation, warranty or other agreement or promise with respect to the Property. As set forth in Section 2.4, the Property is transferred "as-is." The provisions of this Section shall survive the Closing and delivery of the Grant Deed or any expiration or termination of this Agreement.

10. EXPENSES

Each Party hereto will pay the expenses incurred by it under or in connection with this Agreement, including legal fees and expenses of its representatives, whether or not the transaction described in this Agreement is consummated, except as otherwise specifically provided herein.

11. BROKERAGE

The parties agree that neither has been represented by any broker, finder or other party entitled to a real estate brokerage commission, finder's fee, or other compensation. Each Party agrees to indemnify, defend, and hold the other Party harmless from and against any commissions, fees or other compensation that is claimed by any third-party with whom the indemnifying Party has dealt.

12. REMEDIES AND LIMITATIONS THEREON

12.1 County Remedies. If District breaches this Agreement, County may terminate this Agreement and receive a return of any amounts held by Escrow Holder, except costs payable by County to Escrow Holder for its costs and fees, and neither Party shall have any further rights or liabilities hereunder thereafter, except those expressly surviving termination hereof.

12.2 District Remedies. If County breaches this Agreement, District may terminate this Agreement and receive a return of any amounts held by Escrow Holder, except costs payable by District to Escrow Holder for its costs and fees, and neither Party shall have any further rights or liabilities hereunder thereafter, except those expressly surviving termination hereof.

13. COUNTY'S REPRESENTATIONS AND WARRANTIES

13.1 Survival. County here represents and warrants to District as follows which representations and warranties shall survive the Closing or the termination of this Agreement.

13.2 Organization. County is a duly constituted county and political subdivision of the State of California.

13.3 Authorization. This Agreement has been duly and validly authorized and executed and delivered to District and constitutes the valid and binding obligation of County.

13.4 Indemnity. County shall indemnify, defend, and hold harmless District from and against any and all damages, liabilities, costs, and expenses (including, without limitation reasonable attorneys' fees) directly or indirectly arising from any personal injury in connection with the Property to the extent such claims are attributable to the acts or omissions of County on or after the Closing Date.

13.5 Post-Closing Matters. County shall cooperate with District to resolve, settle, or accomplish the post-closing matters designated as the mutual responsibility of District and County and described as such in Schedule 1 attached hereto. County shall be solely responsible to resolve, settle or accomplish the post-closing matters designated as County's sole responsibility and described as such in Schedule 1, and District shall have no obligation or liability with respect to such matters.

14. DISTRICT'S REPRESENTATIONS AND WARRANTIES

14.1 Survival. District hereby represents and warrants to County as follows which representations and warranties shall survive the Closing or the termination of this Agreement.

14.2 Organization. District is a California health care district under California Health &

Safety section 32000 et seq. and a political subdivision of the State of California.

- 14.3 Authorization. This Agreement has been duly and validly authorized and executed and delivered to County and constitutes the valid and binding obligation of District.
- 14.4 Property. Except as disclosed by the official records of the Office of the Modoc County Recorder, Modoc County, California, the county in which the Property is located, and excepting the exceptions set forth in the Title Report, District has good and marketable fee simple title to the Property free and clear of any lien, charge or other encumbrance created or imposed during the period that District has owned the Property.
- 14.5 Indemnity. District shall indemnify, defend, and hold harmless County from and against any and all damages, liabilities, costs, and expenses (including, without limitation reasonable attorneys' fees) directly or indirectly arising from any personal injury in connection with the Property to the extent such claims are attributable to the acts or omissions of District prior to the Closing Date.
- 14.6 Non-Foreign Person. District is not, and as of the Closing shall not be, a "foreign person" as defined in Section 1445 of the Internal Revenue Code 1986, as amended, and any related regulations.
- 14.7 Post-Closing Matters. District shall cooperate with County to resolve, settle, or accomplish the post-closing matters designated as the mutual responsibility of District and County and described as such in Schedule 1 attached hereto.

15. CONDEMNATION OF PROPERTY

In the event of condemnation or sale in lieu of condemnation of all or any portion of the Property, prior to the Closing, County shall have the option, to be exercised within ten (10) days after receipt of notice of such condemnation or sale, of (i) terminating this Agreement or (ii) electing to have this Agreement remain in full force and effect. In the event County elects not to terminate County's obligations under this Agreement, District shall assign to County any and all claims with the proceeds of such condemnation or sale to the extent the same are applicable to the Property, and County shall take title to the Property with the assignment of such proceeds and subject to such condemnation.

16. RISK OF LOSS

All risk of loss with respect to the Property shall be borne by District until the Closing. In the event of a material loss (i.e., damage or destruction of 10% or more of the Property) prior to the Closing, County shall have the option, to be exercised within ten (10) days after receipt of notice of loss, of (i) terminating this Agreement or (ii) electing to have this Agreement remain in full force and effect. In the event County elects not to terminate this Agreement, District shall assign to County all claims for the insurance proceeds payable in connection with such damage or destruction and County shall take title to the Property with the assignment of such proceeds subject to County's obligation to use such proceeds to repair the Property. If County elects to terminate this Agreement under the provisions of this Section 16, neither District nor County shall have any further obligation under this Agreement.

17. NOTICES

All notices, demands, consents, approvals, or other communications which are required or desired to be given by either Party to this Agreement shall be deemed to have been duly given

by either Party (i) upon personal delivery or (ii) upon receipt if mailed, by certified mail, postage prepaid, return-receipt-requested.

DISTRICT:

Last Frontier Healthcare District
Attention: Administration
1111 N. Nagle Street
Alturas, CA 96101

COUNTY:

County of Modoc
Attention: _____

Alturas, CA _____

Any Party hereto may, from time to time, designate any other address to which such notice, demand, consent, approval, or other communication addressed to it shall be sent.

18. GENERAL PROVISIONS

- 18.1 Escrow Holder's General Provisions. Notwithstanding anything to the contrary contained in this Agreement, Escrow Holder's General Provisions, are incorporated herein to the extent they are not inconsistent with the provisions of this Agreement. If there is any inconsistency between such General Provisions in any of the provisions of this Agreement, the provisions of this Agreement shall control. If any requirements relating to the duties or obligations of Escrow Holder are unacceptable to Escrow Holder, or if Escrow Holder requires additional instructions, the parties agree to make any deletions, substitutions, and additions as the respective counsels for District and County shall mutually approve and which do not materially alter the terms of this Agreement. Any supplemental instructions shall be signed only as an accommodation to Escrow Holder and shall not be deemed to modify or amend the rights of County and District, as between County and District, as though signed supplemental instructions expressly so provide.
- 18.2 Prorations. If applicable, property taxes and assessments on the Property, and rent, utilities, maintenance, and charges for other services for the Property, shall be prorated between County and District as of the Close of Escrow based on the most current statements and information available. If the Property is part of a larger assessor's parcel in the property taxes allocable to the Property shall be determined on a pro rata basis, with each Party being obligated to pay for delinquency's pro rata share based on acreage. County shall be responsible for the lien and payment before delinquency of supplemental taxes, if any, assessed pursuant to the provisions of Chapter 3.5 (commencing with section 75) of the Revenue and Taxation Code of California for acts or events occurring on or after the Close of Escrow. If any proceeding or governmental agency decision after the Close of Escrow result in any reduction in the refund of any tax or assessment for any period before the Close of Escrow, and any such referral shall be immediately paid to District.
- 18.3 Payment of Costs. County shall pay the premium charges for the Owner's Title Policy, and all the additional costs in connection with any American Land Title Association ("ALTA") standard or extended coverage owner's title policy (with CLTA endorsements, if any), including all survey costs if ALTA coverage is elected by County, documentary transfer taxes and one-half (1/2) of Escrow costs and fees. District shall pay the charges for recording the Grant Deed and other transfer charges, other than the documentary transfer tax, and shall also pay one-half (1/2) of all Escrow costs. Any extraordinary title, recording and/or escrow charges, costs or fees

relating to this transaction shall be paid by County.

- 18.4 Escrow Holder Authorized to Complete Documents. If necessary, Escrow Holder is authorized to insert the date Escrow closes as the date of documents conveying interests herein.
- 18.5 Recordation of Documents. When all of the conditions in Sections 5 and 6 have been satisfied or waived in writing, Escrow Holder shall cause the Grant Deed, and any other recordable instruments to be filed for recordation in the Office of the Modoc County Recorder. Escrow Holder shall pay documentary transfer tax based on a separate affidavit from District and documentary transfer tax stamps shall be affixed to the Grant Deed after recording. Escrow Holder shall supply all parties listed in Section 17 with conformed copies of documents submitted for recording.
- 18.6 Delivery of Documents and Funds. Upon the Close of Escrow, Escrow Holder shall deliver to District and to County all documents and funds to which each is entitled, and for which benefit those documents and funds were delivered to Escrow Holder including: (i) the original Bill of Transfer, (ii) the Grant Deed filed for recordation with the Office of the Modoc County Recorder, and (iii) to County and District each a conformed copy of the Grant Deed with the recording information.
- 18.7 Performance by Escrow Holder. Escrow Holder is to be concerned only with those provisions of this Agreement in which Escrow Holder's given instructions to perform certain acts or those provisions in which escrow holders generally and reasonably would be expected to act.
- 18.8 Amendment. Neither this Agreement nor any terms or provisions here of may be changed, waived, discharged, or terminated orally, or in any manner other than by an instrument in writing signed by the Party against which the enforcement of the change, waiver, discharge, or termination is sought.
- 18.9 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the respective parties, and their respective successors and permitted assigns.
- 18.10 Governing Law. Regardless of the place of execution or performance of this Agreement this Agreement shall be governed by and construed in accordance with the laws of the State of California.
- 18.11 Construction. This Agreement shall be construed without regard to any assumption or other rule of construction against the Party by whom or which this Agreement is drafted. All terms and words used in this Agreement, regardless of the number or gender in which they are used, shall be deemed to include any other number and any other gender as the context may require. The captions of this Agreement are for convenience only and are not to be used in defining or limiting, in any way, the provisions hereof. The enforceability or invalidity of any one or more of the provisions of this Agreement shall not affect the validity or enforceability of any other provisions hereof.
- 18.12 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which taken together shall constitute one and the same instrument, binding on all parties hereto.
- 18.13 Sole Agreement; Prior Agreements. This Agreement constitutes the complete agreement and understanding among the parties regarding the subject matter of this

Agreement and supersedes any prior understandings, agreements, or representations regarding the subject matter of this Agreement.

- 18.14 Attorneys' Fees. The parties agree that in the event of any lawsuit or other similar proceeding arising out of this Agreement, each Party shall pay its own attorneys' fees.
- 18.15 Further Assurances. County and District agree to execute any and all other documents and to take such further action as may reasonably be necessary to consummate the transactions described herein.
- 18.16 Computation of Time. The time in which any act is to be done under this Agreement is computed by excluding the first day (e.g., the day Escrow opened) and including the last day, unless the last day is a federal holiday or Saturday or Sunday, in which case the time shall be extended to the next business day. All references to time are to Pacific Time.
- 18.17 Time of the Essence. Time is of the essence before the observance of the provisions of this Agreement.
- 18.18 No Assignment. Neither County nor District shall assign this Agreement or its respective rights or obligations hereunder without the prior written approval of the other Party except as specifically set forth herein, nothing expressed or implied herein is intended or shall be construed to confer upon or give to any person or entity, other than the parties hereto, any rights or remedies under or by reason of this Agreement.
- 18.19 Indemnification.
- 18.19.1 In addition to any other indemnity under this Agreement, District agrees to indemnify, protect, and hold harmless, County and its officers and directors, from any and all losses to the extent arising out of or in connection with (i) any personal injury, property damage or any other liability related to the ownership, operation or maintenance of the Property existing or occurring before the Closing, or (ii) any breach of any of District's representations, warranties, covenants or agreements contained herein or any of the Closing Documents.
- 18.19.2 In addition to any other indemnity under this Agreement, County agrees to indemnify, protect, hold harmless, District and its officers and directors, from any and all losses to the extent arising out of or in connection with (i) any personal injury, property damage or any other liability related to the ownership, operation or maintenance of the Property first existing or occurring on or after the Closing, or (ii) any breach of any of County's representations, warranties covenants or agreements contained herein or any of the Closing Documents.
- 18.20 Confidentiality. District and County agree that, until the Closing, except as otherwise provided herein or as required by law (including, without limitation, the Ralph M. Brown Act (California Government Code section 54950 et seq.)) or necessary or desirable to report to security holders or as reasonably necessary to perform its obligations under this Agreement, each of District and County shall keep the pendency of the transactions described herein, the provisions of this Agreement confidential.

[Signature Page Immediately Following]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first set forth above.

Last Frontier Healthcare District

Kevin Kramer, CEO

County of Modoc

Chester Robertson
County Administrative Officer

Approved as to form and substance:

Margaret E. Long
County Counsel, COUNTY OF MODOC

EXHIBIT A

LEGAL DESCRIPTION OF THE PROPERTY

The land described herein is situated in the State of California, County of Modoc, unincorporated area, described as follows:

For APN/Parcel ID(s): 003-172-023-000, 022-151-028-000 and 022-180-057-000

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF ALTURAS, COUNTY OF MODOC, STATE OF CALIFORNIA AND IS DESCRIBED AS FOLLOWS:

PARCEL 1:

That portion of Resulting Parcel 2 in the Certificate of Compliance, recorded August 19, 1985 in Book 318, Page 487, Modoc County Official Records, more particularly described as follows:

Commencing at the quarter section corner common to Sections 13 and 14, Township 42 North, Range 12 East, M. D. B. & M.;

Thence South 89° 49' 47" West, along the South line of the SE 1/4 of NE 1/4 of said Section 14, and along the South line of that parcel described in the Deed to Edward S. Fass, et ux, (Fass parcel) recorded August 15, 2002 as Instrument No. 2002-0004475, Modoc County Official Records, a distance of 54 feet to the Southwest corner of said parcel, said point being the true point of beginning;

Thence North 00° 23' 49" West, along the West line of said Fass parcel, and along the West line of that parcel described in the Deed to William A. Greene, et ux, recorded February 13, 1996 in Book 418, Page 210, Modoc County Official Records, a distance of 238.82 feet to the South line of Henderson Street; Thence South 89° 07' 56" West, along the South line of Henderson Street, a distance of 107.02 feet to a 5/8" iron pin with aluminum cap stamped LS 4661, said point being the most Easterly Northeast corner of that parcel described in the Deed to Modoc County Office of Education (MCOE parcel), recorded August 27, 1985 in Book 318, Page 648, Modoc County Official Records;

Thence South 00° 36' 55" East, a distance of 102.09 feet, along the most Easterly line of said MCOE parcel, to a 5/8" iron pin with aluminum cap stamped LS 4661;

Thence South 89° 47' 13" West, along the South line of said MCOE parcel, a distance of 364.35 feet to the Easterly boundary of the Pit River Channel, as shown on the Record of Survey filed June 25, 1970 in Book 1 of Records of Survey at Page 152, Modoc County Records; Thence South 31° 45' 33" West, along said Easterly boundary, a distance of 10.24 feet;

Thence South 13° 18' 07" West, along said Easterly boundary, a distance of 130.04 feet to the South line of the SE 1/4 of NE 1/4 of said Section 14;

Thence North 89° 49' 47" East, along the South line of the SE 1/4 of NE 1/4 of said Section 14, a distance of 507.23 feet to the true point of beginning.

APN: 003-172-023-000

PARCEL 2:

All that certain real property located in the Southeast one-quarter Section 14, Township 42 North, Range 12 East, M.D.M., situate in the County of Modoc, State of California, more particularly described as follows:

All that portion of Lot 13 as an abandoned portion of Dorris Street, in Block 2 of the Willow Park Addition to the County of Modoc, according to the Official Plat thereof and that portion of Parcel 1 as

described in Deed recorded in Book 79 at Page 420, Modoc Official Records, more particularly described as follows:

COMMENCING at the Northwest corner of said Lot 13; thence South 00° 23' 00" East along the Westerly line of Lot 13 a distance of 68.03 feet thence South 89° 07' 33" West a distance of 60.00 feet to the true point of beginning (POB #1); thence North 00° 23' 00" West along the Westerly Right of Way of Dorris Street a distance of 35.10 feet; thence from a tangent bearing North 36° 56' 58" East along a curve to the left having a radius of 19.97 feet, a central angle of 37° 55' 51" and an arc length of 13.22 feet; thence North 00° 58' 53" West a distance of 27.58 feet; thence along a curve to the right having a radius of 26.00 feet, a central angle of 83° 17' 56" and an arc length of 37.80 feet; thence North 82° 19' 03" East a distance of 96.17 feet; thence along a curve to the left having a radius of 6.00 feet, a central angle of 82° 29' 16" and an arc length of 8.64 feet; thence North 00° 10' 13" West a distance of 9.09 feet to a point on the Northerly Right of Way of McDowell Street being the South line of the Northeast one-quarter of said Section 14 and the following courses along said South line of the Northeast one-quarter of said Section 14; thence South 89° 49' 47" West along said Northerly Right of Way Line a distance of 127.16 feet to the point of intersection with the West line of said Dorris Street; thence South 89° 49' 47" West a distance of 353.52 feet to a point on the Easterly line of the Pit River Channel as shown on that Record of Survey recorded in Book 3 at Page 286, Modoc County Records; thence leaving said South line of the Northeast one-quarter of Section 14, South 12° 19' 16" West along said Easterly line of the Pit River Channel a distance of 133.46 feet; thence North 89° 35' 54" East a distance of 382.87 feet to the point of beginning.

APN: 022-180-057-000 (Portion)

Parcel 3:

All that certain real property located in the Southeast one-quarter Section 14, Township 42 North, Range 12 East, M.D.M., situate in the County of Modoc, State of California, more particularly described as follows:

All that portion of Lot 13 in Block 2 of the Willow Park Addition to the County of Modoc, according to the Official Plat thereof, more particularly described as follows:

BEGINNING (POB #3) at the Northwest corner of said Lot 13; thence North 89° 21' 25" East along the Northerly line of said Lot 13 a distance of 148.07 feet to a point on the centerline of that abandoned Alley per OR Book 212, Page 786, Madoc County Records; thence South 00° 04' 02" East along said centerline of abandoned Alley a distance of 45.32 feet; thence South 89° 21' 25" West a distance of 147.82 feet; thence North 00° 23' 00" West a distance of 45.32 feet to the point of beginning.

APN: 022-151-028-000

EXHIBIT B

OTHER ASSETS

- The District's former hospital building located at 228 W. McDowell Avenue, Alturas, CA 96101, along with all other exterior storage containers remaining on the property at the time of Closing, and all furniture, fixtures, and equipment located in the building at the time of Closing.
- The District's former maintenance shed and storage building located at 228 W. McDowell Avenue, Alturas, CA 96101 which is situated to the north of the mechanical room for the old hospital building described above, along with all furniture, fixtures, and equipment that is located in the building at the time of Closing.
- The District's former accounting building located at 131B Henderson Street, Alturas, CA 96101, along with all furniture, fixtures, and equipment located in the building at the time of Closing.
- Parking lots that correspond to lot line adjustments that are made pursuant to this Agreement and recorded in the Survey.
- Mutual ingress and egress to all parking lots and driveways that could be used to access the property transferred to the County or remaining with the District, as reflected in the Survey.

EXHIBIT C
TITLE REPORT

EXHIBIT D
FORM OF GRANT DEED

RECORDING REQUESTED BY

AND WHEN RECORDED MAIL DOCUMENT TO:

Space Above This Line for Recorder's Use Only

A.P.N.: _____
No.: _____

File

GRANT DEED

The Undersigned Grantor(s) Declare(s): DOCUMENTARY TRANSFER TAX \$ _____; CITY TRANSFER TAX \$ _____

- computed on the consideration or full value of property conveyed, OR
- computed on the consideration or full value less value of liens and/or encumbrances remaining at time of sale,
- unincorporated area; City of _____, and

FOR A VALUABLE CONSIDERATION, receipt of which is hereby acknowledged,

hereby GRANTS to

the following described property in the City of _____, County of _____, State of **California**:

A.P.N.: _____

File No.: _____

Dated: _____

Mail Tax Statements To: **SAME AS ABOVE**

Date: _____

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF _____) SS

COUNTY OF _____)

On _____, before me, _____, Notary Public, personally appeared _____, who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature

This area for official notarial seal

EXHIBIT E

CERTIFICATE OF NON-FOREIGN STATUS
(for entity transferor)

To be provided upon opening of escrow and incorporated into this Agreement.

EXHIBIT F

ESCROW HOLDER GENERAL PROVISIONS

To be provided upon opening of escrow and incorporated into this Agreement.

SCHEDULE 1

POST-CLOSING MATTERS

District is solely responsible for the following post-closing matters:

- All fees associated with the necessary lot line adjustment as set forth in Survey to create new parcel lines that reflect the property to be transferred to the County under the Agreement and the parcels to remain with the District at time of Closing.

County is solely responsible for the following post-closing matters:

- Resolution of any City of Alturas (“City”) and County jurisdictional matters pertaining to the property and parcels that occupy both City and County jurisdictions.
- Fees associated with any road abandonments or partial vacations/abandonments (collectively, “Road Abandonments”) that are necessary to gain proper operational use of (i) the Land and Other Assets transferred to the County under this Agreement and (ii) the real property and other assets that District will continue to own and operate after the Closing, as those assets are situated at the time of Closing. The term Road Abandonments includes, without limitation, any partial vacation or abandonment of McDowell Avenue and the abandonment or partial vacation of portions of Dorris Street that lie beneath the District’s former clinic building and portions of the parking lot located at 229 W. McDowell Avenue.
- Any additional survey requests by County (other than and outside of the required lot line adjustment applications and corresponding Survey for which the District is responsible) to reflect the changes in boundary lines for the new parcels created and transferred as part of this Agreement, and the cost of such survey requests by County.

ATTACHMENT F

Board Resolution for Transfer of Old Hospital to the County

LAST FRONTIER HEALTHCARE DISTRICT BOARD OF DIRECTORS

RESOLUTION OF THE BOARD OF DIRECTORS OF

LAST FRONTIER HEALTHCARE DISTRICT

AUTHORIZING AND APPROVING THE TRANSFER OF CERTAIN LAND AND OTHER PROPERTY BY THE DISTRICT TO THE COUNTY OF MODOC; APPROVING THE FORM OF AGREEMENT FOR TRANSFER OF LAND AND OTHER PROPERTY BETWEEN LAST FRONTIER HEALTHCARE DISTRICT AND THE COUNTY OF MODOC; AND AUTHORIZING THE EXECUTION THEREOF AND SUCH OTHER ACTION RELATED TO THE TRANSFER

WHEREAS, Last Frontier Healthcare District (the “District”) is a healthcare district duly organized, existing and operating under the Constitution and laws of the State of California;

WHEREAS, the District owns and operates a general acute hospital (the “Hospital”), as well as two rural health clinics, a retail pharmacy, a skilled nursing facility, and a PT department located in various locations in Alturas and Canby, California (collectively with the Hospital, the “Facilities”);

WHEREAS, the County of Modoc (the “County”) is a political subdivision of the State of California (the “State”);

WHEREAS, the District is the record titleholder of certain (i) land more particularly described in Exhibit A to the Transfer Agreement (as defined below) (the “Land”), and (ii) certain assets including structures, out-buildings, fixtures, mechanical systems and related improvements more particularly described in Exhibit B to the Transfer Agreement which are located on the Land (the “Other Assets”);

WHEREAS, the Board of Directors of the District (the “Board”) has been provided the form of an Agreement of Transfer of Land and Other Property (the “Transfer Agreement”) between the District and the County under which the District proposes to transfer to the County (i) the Land pursuant to and in accordance with Government Code section 54221(f)(1)(D) for the County’s “agency use” as such term is defined in Government Code section 54221(c), and (ii) the Other Assets pursuant to and in accordance with Health and Safety Code section 32121.2 for the County’s “agency use” as such term is defined in Government Code section 54221(c) (the “Transfer”);

WHEREAS, such transfers are subject to all the terms and conditions set forth in the Transfer Agreement including the following, which must occur prior to the Close of Escrow (as defined in the Transfer Agreement), (i) by one or more resolutions, District’s Board must have declared the Land to be “exempt surplus land” pursuant to and in accordance with Government Code section 54221(b)(1), (ii) by one or more resolutions, the County’s board of supervisors must have declared the use to which the County will put the Land and the Other Assets to be “agency use” as defined in Government Code 54221(c), and (iii) the District’s Board must have (A) declared the Other Assets to be “surplus property,” and (B) authorized and approved the disposition of the Other Assets in accordance with the Transfer Agreement at fair market value, which fair market value must have determined by the Board by a method determined appropriate by the Board, both (A) and (B) pursuant to and in accordance with Health and Safety Code section 32121.2;

WHEREAS, the (i) District engaged D.J. Martin, a California certified general appraiser, to conduct an appraisal of the fair market value of the Other Assets and prepare a written report for the District, (ii) Mr. Martin delivered his written Market Value Appraisal Report dated February 23, 2021 (the “Appraisal”), to the District (a copy of which has been provided to the Board), and (iii) considering the estimated costs of (A) operating expenses that would be incurred by the District (e.g., continued maintenance, insurance, security, utilities, and the like) of continued District -ownership, and/or (B) abatement of asbestos in the building and/or demolition, and/or (C) de-commissioning (which would include substantial retrofitting and

remodeling and required building code updates) under the OSHPD rules and regulations applicable to hospitals, if the buildings are repurposed for other District use, the Appraisal’s value of the property is substantially less value than the estimated costs of continued ownership, and/or asbestos abatement in or demolition of the building, and/or bringing the buildings to code for de-commissioning to repurpose the building for other use by the District;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Last Frontier Healthcare District as follows:

- The Transfer of the Land and the Other Assets to the County is approved and authorized;
- Subject to action by and a resolution of the County Board of Supervisors declaring that the use of the Land by the County following the Transfer is an “agency use,” as such term is defined in Government Code section 54221(c), the Land is declared to be “exempt surplus land” as such term is defined and set forth in Government Code section 54221(f)(1)(D);
- In accordance with Health and Safety Code section 32121.2, the (i) use of the Appraisal to determine the fair market value of the Other Assets, and (ii) the disposition of the Other Assets in accordance with the Transfer Agreement, are appropriate;
- Subject to action by and a resolution of the County Board of Supervisors declaring that the use of the Other Assets by the County following the Transfer is an “agency use,” as such term is defined in Government Code section 54221(c), (i) the Other Assets are declared to be “surplus property,” and (ii) the disposition of the Other Assets in accordance with the Transfer Agreement at the fair market value set forth in the Appraisal is approved and authorized, both (i) and (ii) in accordance with Health and Safety Code section 32121.2;
- Kevin Kramer, CEO, or his duly delegated representatives (each an “Authorized Officer”), are authorized to execute the Transfer Agreement, and such other agreements, documents, escrow instructions, and certificates (the “Other Documents”) with such changes to the Transfer Agreement and/or the Other Documents, as the Authorized Officer deems appropriate, subject to the advice of the District’s attorney in connection with the Transfer.

PASSED, APPROVED AND ADOPTED by the **LAST FRONTIER HEALTHCARE DISTRICT** Board of Directors in the City of Alturas, County of Modoc, California at the regular Board of Directors’ meeting held on the ___ day of _____, 2023, by the following vote:

<u>LFHD Board Members</u>	<u>Aye</u>	<u>Nay</u>	<u>Absent</u>	<u>Abstain</u>
Amy Foster				
De Funk				
Edouard (Jim) Cavasso				
Carol Madison				
Paul Dolby				

The LAST FRONTIER HEALTHCARE DISTRICT Chair’s Signature and the Clerk’s Attestation is on the next page and is considered a part of this Resolution # ____.

THE MOTION CARRIES:

Amy Foster, Chair
LAST FRONTIER HEALTHCARE DISTRICT Board of Directors

LAST FRONTIER HEALTHCARE DISTRICT

I, **Denise King**, Clerk of the Board of Directors in and for the **LAST FRONTIER HEALTHCARE DISTRICT**, do hereby certify and attest that the above and foregoing is a full, true and correct copy of an **ORDER** as it appears in the Minutes of the _____ Meeting of **LAST FRONTIER HEALTHCARE DISTRICT** Board of Directors meeting this ___ **day of** _____, **2023**, on file in my office.

WITNESS my hand and the seal of the **LAST FRONTIER HEALTHCARE DISTRICT** Board of Directors this ___ day of _____, **2023**.

Denise King, Clerk of the Board
LAST FRONTIER HEALTHCARE DISTRICT

ATTACHMENT G

Skilled Nursing Facility IOR Agreement Approval



Agreement For IOR Services

THIS AGREEMENT ("Agreement") is made as of May 26, 2023 ("Effective Date") between District and IOR for HCAI testing, inspection, and observation services ("Services") in connection with construction of the District's Skilled Nursing Facility Project ("Project") in accordance with the Contract Documents.

The following Exhibits are incorporated into this Agreement.

Exhibit 1	Definitions
Exhibit 2	Scope of Services
Exhibit 3	Billable Rates
Exhibit 4	Permitted Drawings and Specifications
Exhibit 5	Conflict of Interest Policy and Procedures
Exhibit 6	Disclosure of Government Positions

By executing this Agreement, each of the Signatories represents that he or she has authority to bind the Party on whose behalf his or her execution is made.

<p>District: Last Frontier Healthcare District 228 W. McDowell Avenue Alturas, CA 96101</p> <p>By: _____ (Signature)</p> <p>Name: Kevin Kramer, Chief Executive Officer</p> <p>Telephone No. 530-233-5883</p> <p>Facsimile No. 530-233-7052</p> <p>Email. K.Kramer@modocmedicalcenter.org</p>	<p>IOR: Kerme's Inspection Services 2952 Ruby Desert Dr Reno NV 89521</p> <p>By: _____ (Signature)</p> <p>Name: William Kerme Smith</p> <p>Telephone No: 209-662-2712</p> <p>Email. kermesmith@aol.com</p> <p>CA License No.: A20365 (Class A Hospital Inspector)</p>
--	---

THE PARTIES AGREE TO THE FOLLOWING TERMS AND CONDITIONS.

TABLE OF CONTENTS

	<u>Page</u>
1. DEFINITIONS.....	6
1.1 Defined Terms	6
2. PROJECT AND RELATIONSHIP OF THE PARTIES	6
2.1 Project Description.....	6
2.2 Relationship of the Parties	6
3. IOR'S RESPONSIBILITIES	6
3.1 Services.....	6
3.2 Principal.....	6
3.3 Licensure	6
3.4 Qualifications	6
3.5 IOR's Credentials.....	7
3.6 Standard of Care.....	7
3.7 Project Standards	7
4. DISTRICT'S RESPONSIBILITIES	8
4.1 District.....	8
4.2 District's Project Manager	8
4.3 District Provided Information.....	8
4.4 Approvals.....	8
4.5 Preconstruction Investigations	8
5. COMPENSATION	8
5.1 IOR's Fee	8
5.2 Billable Rates.....	8
5.3 Reimbursable Expenses	9
5.4 Non-Reimbursable Expenses	9



5.5	Payments.....	9
5.6	Audit Rights	9
6.	PREVAILING WAGE RATES	10
6.1	Prevailing Wage.....	10
7.	INSURANCE AND LIABILITY.....	11
7.1	Insurance Requirements.....	11
7.2	Defense and Indemnification.....	11
7.3	Limitation of Liability.....	12
7.4	Hazardous Materials	12
8.	CLAIMS AND DISPUTES.....	12
8.1	Disputes.....	12
8.2	Joinder.....	13
8.3	Attorneys' Fees	Error! Bookmark not defined.
8.4	Notice Of 3rd Party Claims.....	13
9.	TERMINATION AND SUSPENSION	13
9.1	Suspension	13
9.2	Termination of the IOR for Convenience	13
9.3	Termination of the IOR for Cause	13
9.4	Termination for Cause By IOR	13
10.	MISCELLANEOUS PROVISIONS	13
10.1	Confidentiality	13
10.2	Governing Law.....	14
10.3	Assignment.....	14
10.4	Notices.....	14
10.5	Interpretation and Severability.....	14
10.6	Prohibited Interests.....	14



10.7 Government Healthcare Exclusion.....15

10.8 No Third Party Beneficiaries15

10.9 Rights and Remedies.....15

10.10 Survival.....15

10.11 Waiver15

10.12 Counterparts15

10.13 Interest.....15

10.14 Drug Free Workplace15

10.15 Exhibits15

10.16 Legal Citations16

10.17 Entire Agreement.....16



KEY BUSINESS TERMS SHEET

District Representative	Kevin Kramer, Chief Executive Officer
District's Project Manager	Richard S Kasa, PE Sr. Project Manager Kasa Healthcare Management 775-720-9685 richard.kasa@kasahm.com
IOR's Principal	William Kerme Smith Kerme's Inspection Services 209-662-2712 kermesmith@aol.com
Design Builder	Swinerton Builders
Design Builder's Representative	Henry Meier 916-754-4202 916-870-1286 hmeir@swinerton.com
Superintendent	Steve Harless 916-754-4124 916-870-1523 sharless@swinerton.com
Design Professionals of Record (individually "DPOR" and collectively "DPORs")	
Architect: Michael O'Connor Nichols, Melburg & Rossetto 530-604-8440 Michael.oconnor@nrmrdesign.com	
Estimated Budget for Services	\$450,000
Milestone Schedule	
Commencement of construction	July 1, 2023
Substantial completion of Project	April 1, 2025
Final Completion of Project	May 31, 2025



1. DEFINITIONS

1.1 Defined Terms. Defined terms and titles of Exhibits will be capitalized throughout the Agreement and any Exhibits to the Agreement. The definitions for this Agreement are set forth in alphabetical order in Exhibit 1.

2. PROJECT AND RELATIONSHIP OF THE PARTIES

2.1 Project Description. The project is a new skilled nursing facility ("Project") of approximately 35,000 square feet on the same site as the recently-completed hospital. The Project is subject to California's Department of Health Care Access and Information ("HCAI") jurisdiction and is designated as a HCAI 2 facility. The Project includes an addition to the existing hospital of 2 semi private patient rooms and a 4 chair infusion clinic. The Hospital Addition is HCAI 1.

2.2 Relationship of the Parties. IOR's relationship with District is that of an independent contractor whose involvement in the Project is to act in the capacity of a California state certified inspector and not as an agent, fiduciary, partner, member of, subsidiary of, or otherwise affiliated with the District. IOR accepts the relationship of trust and confidence and agrees to fully cooperate with the District's Project Manager, its Design Builder, and their respective subcontractors, and to act in good faith and to exercise its skill and judgment in furthering the interests of the District. IOR will furnish efficient business administration and supervision related to coordination of its Services and will use IOR's best efforts in performing all Services in the most expeditious and economical manner consistent with the Contract Documents.

3. IOR'S RESPONSIBILITIES

3.1 Services. District engages IOR as a qualified inspector, as defined by Applicable Law to provide inspection of the Work to ensure that the Work is progressing in accordance with the approved Permitted Drawings and Specifications (Exhibit 4). The IOR's qualifications and Services are further described in Exhibit 2.

3.2 Principal. The IOR's principal is identified in the Key Business Terms Sheet. The IOR's duties include, without limitation, directing and coordinating the Services of IOR and its consultants (if any). The principal will represent IOR, and all communications given to the principal will be deemed to have been delivered to IOR.

3.3 Licensure. IOR represents that IOR and its consultants (if any) are each duly licensed or certified professionals (if licensure is applicable), qualified to practice their profession in California, and are in good standing and qualified to do business in the State of California.

3.4 Qualifications. IOR warrants that it is authorized to do business in the State of California. IOR represents and warrants that each individual assigned to provide testing, inspection and observation services will have at least 5 years of experience in hospital construction inspection work of a type and scope similar to that for which IOR is being engaged. IOR further warrants and represents that each individual assigned to provide inspection and observation services:



3.4.1 Meets or exceeds the qualifications for a Hospital Inspector of Record under applicable California law, including without limitation the California Building Standards Administrative Code (C.C.R.) Title 24, Part 1;

3.4.2 If applicable, it has not been employed within one year prior to the date of assignment by the California Office of Statewide Health Planning and Development ("HCAI") employee pursuant to C.C.R. Title 24, Part 1, Art. 19, § 7-212(c);

3.4.3 Holds a valid Hospital Inspector certificate pursuant to the provisions of C.C.R. Title 24, Part 1;

3.4.4 Is certified by HCAI as a Class A Hospital Inspector as required for the scope of this Project;

3.4.5 Has all certifications, licenses, permits, qualifications, and approvals of whatever nature that are legally required to practice his or her profession; and

3.4.6 Must keep all such certifications, licenses and approvals in effect at all times during the term of this Agreement.

3.5 IOR's Credentials. IOR will present for District's acceptance the credentials, including necessary certifications, of all IOR's employees and consultants. District's acceptance of any credentials will not relieve IOR of its liability to District for Services provided by IOR or any of IOR's employees or consultants.

3.6 Standard of Care. IOR will timely perform its Services using skill and judgment consistent with the degree of care ordinarily used by competent California state Class A Hospital Inspectors inspecting healthcare projects of similar size, scope, location, and complexity.

3.7 Project Standards. IOR must perform its Services in accordance with the enforcement of:

3.7.1 All laws, regulations, and codes applicable to construction of the Project (including but not limited to the California Building Standards Code (CBSC) and California Administrative Code (CAC));

3.7.2 Applicable HCAI policy intent notices (PINs) and code application notices (CANs);

3.7.3 The most current, approved Testing, Inspection & Observation ("TIO") Program for the Project, including the list of required inspections within the TIO Program;

3.7.4 Permitted Drawings and Specifications, inclusive of HCAI approved change orders;

3.7.5 Instructions and clarifications issued by the DPORs;

3.7.6 Project infection control policies, emergency procedures, and safety requirements;



3.7.7 The approved Project schedule and the updated planning documents prepared throughout construction; and

3.7.8 The specialized activities of the District, the Project Manager, DPORs, and Design Builder and its subcontractors, to be conducted in the construction of the Project.

4. DISTRICT'S RESPONSIBILITIES

4.1 District. The District is the owner of the Project. The District's Representative is authorized to execute Amendments to the Agreement.

4.2 District's Project Manager. District's Project Manager is authorized to coordinate and direct Services and act on the District's behalf with respect to the daily operations of the Project but does not have the authority to execute Amendments to the Agreement or bind the District.

4.3 District Provided Information. The District's Project Manager will provide the IOR with full information regarding the Project including the Permitted Drawings and Specifications, TIO Plan, and Project schedule.

4.4 Approvals. All requests for approval must be in writing to the District with a copy to the District's Project Manager. Approval by District's Representative or District's Project Manager of any Services will not relieve IOR from any of its respective obligations or liabilities for the technical or professional adequacy of its Services.

4.5 Preconstruction Investigations. Upon request, the District's Project Manager will furnish available reports and professional recommendations of soils, geotechnical, environmental, and other engineers or professionals for use by IOR, as necessary for proper testing, observation and inspection of the Project.

5. COMPENSATION

5.1 IOR's Fee. The IOR will be compensated by District for the cost of the Services performed by IOR per the Billable Rates set forth in Exhibit 3, plus the actual cost for those reimbursable expenses categorized below in Section 5.3 ("Fee"). IOR's monthly invoices will be submitted per Section 5.5. Notwithstanding the above, the IOR must notify the District's Project Manager in writing when it has utilized 90% of the estimated budget and indicate whether the IOR anticipates that its Fee will exceed the estimated budget set forth in the Key Business Terms Sheet.

5.2 Billable Rates. The Billable Rates will be effective for the duration of the Project. No salaried employee is allowed to bill more than 40 hours per week unless express written consent is provided by the District's Project Manager. The Billable Rates include the amount paid to employees as wages, including customary benefits (health insurance, long term disability, sick leave, pension, and vacation accruals) and taxes plus the IOR's and its consultants' overhead and profit. IOR's overhead and profit include, among other things: (i) profit for the Services rendered on the Project; (ii) salaries and other compensation of all home office personnel who are not directly assigned to this Project and specifically included in Exhibit 3; and (iii) home office general expenses including rent, utilities, costs for computers (including hardware, servers, plotters, printers and software), cell phone charges, internet access, digital



cameras, postage, office supplies, equipment, insurance, etc. IOR may charge for Services performed by employees who are not listed in Exhibit 3 upon approval by District's Project Manager, provided that employee's billable rates are consistent with the Billable Rates for other employees from the same discipline with the same title and level of experience.

5.3 Reimbursable Expenses. Miscellaneous costs incurred in the performance of the Services if, and to the extent, approved in advance in writing by District's Project Manager.

5.3.1 Mileage and transit time. See Exhibit 3.

5.3.2 Per diem. See Exhibit 3.

5.3.3 Lodging. See Exhibit 3.

5.4 Non-Reimbursable Expenses. The following costs are not reimbursable because they are included in the IOR's and its consultants' Billable Rates.

5.4.1 All benefits and burdens not expressly included in the Billable Rates set forth in Exhibit 3.

5.4.2 Insurance because it is part of overhead.

5.4.3 Costs due to the negligence or failure of the IOR, its consultants or anyone directly or indirectly employed by any of them for whose acts any of them may be liable, to fulfill a specific responsibility under the Contract Documents.

5.4.4 All other costs not specifically included in Sections 5.1 through 5.3.

5.5 Payments. IOR will invoice the District monthly for Services performed. The invoice will include a description of the individuals performing the Services, their job title, a description of the Services provided, the hours expended, and their Billable Rate; an accounting of reimbursable expenses; a summary of previously incurred labor expenses and costs tracked against the estimated budget set forth in the Key Business Terms Sheet; and any approved Amendments. The District will remit payment within 30 days of receipt of invoice. Invoices are subject to approval and must be submitted to District's Project Manager with a copy to the District's Representative.

5.6 Audit Rights.

5.6.1 In accordance with Government Code Section 8546.7, records of both the District and the IOR will be subject to examination and audit by the State Auditor General for a period of 3 years after final payment.

5.6.2 The District, and agencies designated by the District may audit IOR's Project records at any time throughout the duration of the Project and for a period up to 3 years after completion of Services upon 10 business days' written notice.

5.6.3 Medicare. Upon written request of the District, the IOR and any entity providing services to the Project will make available to the Secretary of Health and Human Services or the Comptroller General, or any of their duly authorized representatives, this



Agreement and all Exhibits, books, documents and records that are necessary to verify the nature and extent of the cost of the Services for a period of 4 years after completion of Services when required by Section 952 of the Omnibus Budget Reconciliation Act of 1980. The IOR will require each consultant to comply with this provision regardless of how the party is being compensated.

6. PREVAILING WAGE RATES

6.1 Prevailing Wage. This Project is subject to California State prevailing wages. Davis-Bacon wage requirements are inapplicable. IOR will comply with any applicable California prevailing wage laws. IOR acknowledges and agrees that it has performed its own investigation as to the applicability of California prevailing wage laws commencing with Labor Code section 1720 et seq. IOR agrees that the Billable Rates include, and the Fee will include, full compensation for all labor in compliance with California Labor Code and that no additional compensation will be owed to IOR in the event that IOR is required to pay higher wages or incur additional costs that IOR contends it did not anticipate.

6.1.1 IOR is aware of the requirements of Labor Code sections 1720 et seq. and 1770 et seq., as well as California Code of Regulations, Title 8, Section 16000 et seq. ("Prevailing Wage Laws"), which require the payment of prevailing wage rates and the performance of other requirements on certain "public works" and "maintenance" projects. Because this Project involves an applicable "public works" or "maintenance" project, as defined by the Prevailing Wage Laws, and because the total compensation is \$1,000 or more, the IOR agrees to fully comply with the Prevailing Wage Laws. The IOR will obtain a copy of the prevailing rates of per diem wages at the commencement of the Services from the Division of Labor Statistics and Research of the Department of Industrial Relations located at www.dir.ca.gov/dlsr/. IOR will make copies of the prevailing rates of per diem wages for each craft, classification or type of worker needed to perform Services on the Project available to interested parties upon request, and will post copies at the IOR's principal place of business and at the Project site.

6.1.2 If applicable to IOR or anyone working under it, under Labor Code section 1775, IOR will forfeit as a penalty to the District not more than \$200 for each calendar day, or portion thereof, for each worker paid less than the stipulated prevailing wage rate for any Services performed by IOR, or by any consultant under IOR, in violation of the provisions of the Labor Code. The difference between the stipulated prevailing wage rate and the amount paid to each worker for each calendar day or portion thereof, for which each worker was paid less than the stipulated prevailing wage rate, will be paid to each worker by the IOR.

6.1.3 If applicable to IOR or anyone working under it, IOR will, as a penalty to the state or political division on whose behalf the Agreement is made, forfeit \$25 for each worker employed in the execution of the Services for each calendar day that the worker is required or permitted to work more than 8 hours in any one calendar day and 40 hours in any one calendar week in violation of the provisions of Section 1813. Notwithstanding the provisions of Sections 1810 to 1814, inclusive, of the Labor Code, the work performed by employees of contractors in excess of 8 hours per day, and 40 hours during any one week, will be permitted upon compensation for all hours worked in excess of 8 hours per day at not less than 1 1/2 times the basic rate of pay.



6.1.3.1 IOR will post, at appropriate conspicuous points on the Project site, a schedule showing all determined general prevailing wage rates and all authorized deductions, if any, from unpaid wages actually earned.

6.1.3.2 Pursuant to Labor Code 1813, the District is required to notify all violations of this provision to the Division of Labor Standards Enforcement.

7. INSURANCE AND LIABILITY

7.1 Insurance Requirements. IOR agrees to carry a minimum of (i) Commercial General Liability Insurance covering personal injuries (including sickness, disease, and death) and property damages in the amount of \$1,000,000 per occurrence and \$1,000,000 in aggregate; (ii) Professional Liability insurance in the amount of \$1,000,000 per claim and in aggregate; (iii) Commercial Automobile Liability insurance covering bodily injuries (including death) in the amount of \$1,000,000 per person and per occurrence, and \$1,000,000 for property damage; and (iv) Workers' Compensation Insurance in conformity with California state law. IOR's insurance is primary and noncontributory over any insurance carried by the District. The policies will be issued by a reputable and independent insurance company that is authorized to do business in the State of California with an AM Best's rating of an A- VII (except that workers compensation may be through California State Compensation Insurance Fund). All liability insurance must be in force before commencement of Services and must be maintained in force for 2 years following completion of the Services. Workers compensation insurance must be in force from the inception of the Agreement through completion of Services. IOR will maintain continuous coverage. IOR and its consultants, on behalf of themselves and their respective insurers, waive all claims for subrogation against the District for loss or damage to the extent such claims are covered by insurance. A waiver of subrogation is effective as to a person or entity even though that person or entity would otherwise have a duty of defense, indemnification, contractual or otherwise, did not pay the insurance premium directly or indirectly, and whether or not the person or entity had an insurable interest in the loss. If any applicable policies of insurance require an endorsement or consent of the insurance company to provide for continued coverage where there is a waiver of subrogation, the owners of those policies will cause the insurer to either provide a "blanket waiver" endorsement or a subrogation endorsement that includes the Project and its address. All insurance terms and conditions set forth in this Section 7.1 and all policies required to be carried by the IOR under this Section 7.1 must be retroactive to the Effective Date of this Agreement. Required consultant's policies must be in place before commencement of their respective portion of the Services. IOR's insurance policies except for workers' compensation and professional liability policies will name Last Frontier Healthcare District, Modoc Medical Center, and its Board of Directors, officers, and employees, as well as the District's Project Manager as additional insureds.

7.2 Defense and Indemnification. IOR will, and will cause its consultants to, defend, indemnify, and hold the District, and its members, Board of Directors, officers and employees, and the District's Project Manager harmless from and against claims, damages, losses and expenses in law or in equity (including reimbursement of reasonable legal and expert witness fees and costs), arising out of, or resulting from, IOR's negligent acts, errors, or omissions in the performance of its Services including claims, damage, loss or expense attributable to bodily injury, sickness, disease or death, or injury to or destruction of tangible property, negligent exacerbation of Hazardous Materials, infringement of intellectual property rights, or violation of the law, but only to the extent caused by the negligent acts, errors, or omissions of the IOR or anyone employed directly or indirectly by IOR in connection with the



Services provided under the Agreement (as amended) and for whose acts the IOR may be liable.

7.3 Limitation of Liability. The IOR's liability arising from performance or non-performance of the Services is limited to the amount of available insurance proceeds (inclusive of IOR's and its consultants' available insurance proceeds).

7.4 Hazardous Materials. IOR's Services do not include any inspection of Hazardous Materials. IOR and its consultants will comply with, and use all reasonable efforts and practices to comply with Applicable Law and good business practices regarding Hazardous Materials. To the extent that IOR discovers Hazardous Materials while performing its Services, the IOR will immediately stop the Work in the affected area and notify the District's Project Manager. Work and Services in the area will not be resumed until after written authorization from the District's Project Manager stating that the condition has been rendered harmless.

8. CLAIMS AND DISPUTES

8.1 Disputes. Either Party may initiate the dispute resolution procedures by providing a notice of claim. All claims must include a detailed factual narrative of events fully describing the nature and circumstances giving rise to the claim, including, a detailed breakdown of the amount of damages or costs associated with the claim. Claims will be submitted within 10 days following the discovery of the occurrence of the event or condition or circumstance giving rise to the dispute, whichever is later. Under no circumstances will a claim be made if it is barred by applicable statutes of limitation or repose.

8.2 Business Negotiation. The parties will endeavor to first resolve their disputes through business negotiation. The business negotiation will be a face-to-face business meeting between senior management for all entities involved in the claim. Project Manager will coordinate and schedule the meeting within 10 business days of notice per Section 8.1. Legal representation is not permitted. If the dispute is not resolved through business negotiations, either party may request mediation of the dispute in writing. All decisions will be recorded in writing and signed by the District, Consultant, and other necessary parties.

8.3 Government Code Claim. If business negotiation is unsuccessful IOR must file a government claim pursuant to Government Code section 910 et seq. before it may pursue judicial arbitration per Section 8.4.

8.4 Judicial Arbitration. All disputes that are not resolved through informal business negotiations under Section 8.2 will be subject to judicial arbitration in accordance with California Code of Civil Procedure ("CCP") section 1141.10, et. seq. A demand for judicial arbitration must be made within the time from for filing a civil action and under no circumstance after the date when the institution of legal or equitable proceedings based on the claim would be barred by the applicable statute of limitations. The Civil Discovery Act (Title 4 commencing with Section 2016.010 of Part 4 of the Code of Civil Procedure) will apply to any proceeding brought under this section consistent with the rules pertaining to judicial arbitration.

8.4.1 Trial De Novo. Any party who after receiving an arbitration award requests a trial de novo but does not obtain a more favorable judgment will, in addition to payment of costs and fees, pay the attorney's fees of the other party arising out of the trial de novo.



8.5 Joinder. IOR acknowledges that the Project is being constructed under a design-build project delivery method where the Design Builder is under direct contract with the District. The District and IOR consent to the joinder of other necessary parties in any dispute resolution procedure, or to be joined into another dispute resolution procedure, if claims for or against the IOR or District arise from the same, substantially the same, or interrelated facts, issues, or incidents relating to the Project, or where separate dispute resolution processes create a risk of inconsistent awards or results.

8.6 Notice Of 3rd Party Claims. Pursuant to Public Contract Code section 9201, the District will provide IOR with timely notification of the receipt of any third-party claim relating to the IOR's Services.

9. TERMINATION AND SUSPENSION

9.1 Suspension. The District may suspend the Project at any time upon written notice to the IOR. The notice of suspension will set forth the reason for suspension and the effective date of suspension.

9.2 Termination of the IOR for Convenience. District may terminate this Agreement for convenience upon 10 calendar days' written notice at any time before completion of the Services. The notice will state the extent and effective date of termination. IOR will be entitled to receive payment for all Services properly performed through the effective date of termination based on the compensation provisions in Article 5. All disputes over termination will be resolved under Article 8.

9.3 Termination of the IOR for Cause. District may terminate this Agreement for material breach of any term or conditions of the Contract Documents upon 10 business days' written notice unless IOR has commenced curing its breach to the District's Project Manager's satisfaction. The notice will set forth the reason for termination and the effective date of termination. If District terminates this Agreement for cause, IOR will be entitled to payment for all undisputed Services performed before the date of termination less any costs or expenses anticipated or projected by District to satisfy any claims arising out of, or services required for, curing the breach. Nothing stated in this paragraph will prevent District from pursuing and recovering any damages allowed by law from IOR arising out of the breach of the Contract Documents. If a court of competent jurisdiction deems that termination of this Agreement was wrongful or otherwise improper, the termination will be deemed a termination for convenience under Section 9.2. All disputes over termination will be resolved under Article 8.

9.4 Termination for Cause By IOR. IOR may terminate this Agreement upon 30 calendar days' written notice to the District and District's Project Manager if the District fails to make payment to IOR in accordance with this Agreement and cannot provide evidence substantiating that financial arrangements have been made to make payment. IOR will be compensated by District as if the Services were terminated by District for convenience under Section 9.2.

10. MISCELLANEOUS PROVISIONS

10.1 Confidentiality. IOR will keep information provided by the District or made available to IOR during performance of the Services confidential, and will not disclose confidential information to persons or entities other than as necessary to perform the Services.



10.2 Governing Law. This Agreement will be governed and construed under the laws of the State of California without giving effect to any choice of law or rule of conflict that would cause the application of the laws of any other jurisdiction.

10.3 Assignment. The District and IOR respectively bind themselves, their partners, successors, assignees, and legal representatives to the other Party to this Agreement. IOR may not assign this Agreement. Upon notice, the District may assign this Agreement to any lender in obtaining Project financing, and IOR will cooperate with the District and execute required assignment and subordination agreements.

10.4 Notices. Any notice required to be given by this Agreement will be in writing and deemed effective upon: (i) the date of personal delivery if received by the addressee before 5:00 p.m. local time on a business day; (ii) 5 business days after being sent via registered or certified mail with a return receipt requested; or (iii) 2 business day after being sent by overnight commercial courier providing next-business-day delivery. Notices will be addressed to the following respective parties:

District:	IOR:
Kevin Kramer, Chief Executive Officer Last Frontier Healthcare District 228 W. McDowell Avenue Alturas, CA 96101 With a copy to: Richard Kasa Kasa Healthcare Management richard.kasa@kasahm.com	Kerme's Inspection Services 2952 Ruby Desert Dr Reno NV 89521

10.5 Interpretation and Severability. This Agreement's terms and conditions will be interpreted according to their plain meaning, and not strictly for or against District or IOR. Any contrary rule of construction or interpretation will be of no force or effect with respect to this Agreement. If a court of competent jurisdiction finds any term or provision of this Agreement to be void or unenforceable for any reason, the term or provision will be amended to comply with the law. If a term or condition is severed, the remainder of the Agreement will remain in full force and effect to the maximum extent permitted by law and consistent with District's and IOR's overall intent.

10.6 Prohibited Interests.

10.6.1 No Gratuities or Kickbacks. IOR has not and will not offer or give any gratuities (in the form of entertainment, gifts, or otherwise) to any official, employee, or agent of the District or Project Manager in an attempt to secure this contract or favorable treatment in awarding, amending, or making any determinations related to the performance of the Services under this Agreement. IOR will not accept or induce another person employed by the District for the construction, completion, or repair of public facilities, to give up any part of the compensation to which they are otherwise entitled.

10.6.2 Conflict of Interest. IOR will comply with the District's Conflict of Interest Policy and Procedures set forth in Exhibit 5.



10.7 Government Healthcare Exclusion. IOR represents and warrants that as of the Effective Date of this Agreement, and for the duration of the Project that: (a) IOR is not listed by any federal or state agency as excluded, debarred, or otherwise ineligible for participation in any federal or state health care program, and (b) IOR will not employ or directly contract with any individual or entity whom IOR knows or should have known after reasonable inquiry: (i) has been convicted of a criminal offense related to health care, or (ii) is then currently excluded, debarred or otherwise ineligible for participation in any federal or state health care program (unless the individual has been reinstated to participation in Medicare and all other federal and state health care programs after being excluded because of conviction). In furtherance of this requirement, IOR agrees to make reasonable inquiry as to any existing or prospective employee or consultant considered for engagement by the IOR to perform a portion of the Services by reviewing the General Services Administration's List of Parties Excluded from Federal Programs and the HHS/OIG Cumulative Sanction Report monthly with respect to all prospective and current employees, agents, consultants, and will notify the Project Manager and District immediately in accordance with the notice provisions of the Agreement of any conviction, exclusion, debarment, or ineligibility.

10.8 No Third Party Beneficiaries. The Parties acknowledge and agree that the obligations of the IOR are solely for the benefit of the District and are not intended in any respect to benefit any third parties. There are no third party beneficiaries to this Agreement.

10.9 Rights and Remedies. All rights and remedies under the Contract Documents will be cumulative and in addition to, and not in limitation of, all other rights and remedies of the Parties under the Contract Documents or otherwise available at law or in equity..

10.10 Survival. The following provisions will survive termination of this Agreement or completion of the Services: Section 5.6, and Articles 7 through 10, and Exhibit 2.

10.11 Waiver. Unless otherwise indicated in this Agreement, District's and IOR's action or failure to act will not waive any right or duty they have under the Agreement, and such action or failure to act will not be an approval of or acquiescence in, a breach of the Agreement unless specifically agreed to in writing by the appropriate Signatories.

10.12 Counterparts. This Agreement may be executed in counterparts, each of which will be deemed an original. When proving this Agreement, it will only be necessary to produce or account for the counterpart signed by the Party against whom enforcement is sought. Electronic copies or photocopies of this Agreement showing the true signatures may be used for all purposes as originals per Government Code section 16.5 and California Code of Regulations section 22000. et. seq.

10.13 Interest. Payments due and unpaid under this Agreement will bear interest from the date payment is due at an annual rate equal to the most recent prime rate published by the Wall Street Journal, or 3.5% per annum, whichever is less.

10.14 Drug Free Workplace. IOR certifies that it has complied with Government Code section 8355 relating to a drug free workplace and will comply with the requirements included in the Design Builder's safety program.

10.15 Exhibits. The Exhibits listed in the table of exhibits are incorporated into this Agreement by reference as though set forth in full.



10.16 Legal Citations. Legal citations to statutory requirements are included in the Agreement for convenience and an omission of any statutory requirement will not relieve IOR from compliance with Applicable Law.

10.17 Entire Agreement. The Contract Documents as defined in Exhibit 1 form the entire contract between the District and IOR and supersede all prior oral and other written negotiations, representations, or agreements between the District and IOR with respect to the Services performed for this Project.





Exhibit 1 – Definitions

1. **"Agreement"** means the written contract between District and IOR inclusive of all Exhibits.
2. **"Amendment"** is a document executed by the Signatories that amends the terms and/or conditions of this Agreement, or authorizing additional Services.
3. **"Applicable Law"** includes all local, state, and federal laws, rules, regulations, ordinances, building code or other codes, statutes, or regulations, or lawful orders of Governmental Authorities that are relevant to proper and safe performance of the construction Work.
4. **"Billable Rates"** are the approved hourly rates set forth in Exhibit 3.
5. **"Claim"** is an unresolved dispute among the Parties, which may include other parties through joinder, involving monetary or equitable relief that arises out of or relates to the Project, Contract Documents, performance of the Services, indemnification, or third party claims for personal injury or property damage.
6. **"Contract Documents"** include District's documentation provided for the Project, the Permitted Drawings and Specifications, the Agreement (inclusive of all Exhibits), and any subsequent modifications through executed Amendments.
7. **"Design Builder"** is the licensed contractor performing either the underground electrical portion of the Work, or the Work.
8. **"Design Professionals of Record" or "DPORs"** include the architect (AOR) identified in the Business Terms Sheet and other design professionals of record with respect to the Project.
9. **"District"** is the Last Frontier Healthcare District, which is the owner of the Project.
10. **"District's Project Manager"** is Kasa Healthcare Management. District's Project Manager is providing construction administration and management services on behalf of the District.
11. **"Effective Date"** is the date that the Parties agree the Agreement was executed.
12. **"Fee"** is the amount that the IOR will be compensated for its Services including overhead, profit and reimbursable expenses per Article 5.



13. **"Governmental Authority" or "Governmental Authorities"** means any and all federal, state, county, or municipal boards, departments, courts, offices, or agencies that have jurisdiction over the Project.

14. **"HCAI"** means California's Department of Health Care Access and Information.

15. **"Hazardous Materials"** means any substance, product, waste, or other material of any nature that is or becomes listed, regulated or addressed under one or more of the following environmental laws: (1) CERCLA, (2) Hazardous Materials Transportation Act, (3) RCRA, (4) the Clean Water Act, (5) the Toxic Substance Control Act, (6) HSAA, (7) the California Porter-Cologne Water Quality Control Act, (8) the California Hazardous Waste Management Act, (9) the California Safe Drinking Water Act, (10) the California Waste Management Act, and (11) any other federal or state law or local ordinance concerning hazardous, toxic, or dangerous substances, wastes, or materials.

16. **"IOR"** means the California state licensed inspector and its consultants who are responsible for testing, inspection, and observation Services required by the Agreement including those described in Exhibit 2.

17. **"Party"** means District or IOR. **"Parties"** means both the District and IOR.

18. **"Permitted Drawings and Specifications"** means the 2-D drawings and specifications, developed by the DPORs that are approved for construction by Governmental Authorities, together with those parts of the building information model (if applicable), any clarifications through responses to requests for information, design sketches, or other such clarifications issued post-permit, and any modifications through executed change orders.

19. **"Project"** means Last Frontier Healthcare District's SNF Project at Modoc Medical Center.

20. **"Services"** are all testing, inspection, and observation services performed by IOR under this Agreement, including any additional services amended into the Agreement.

21. **"Signatory" or "Signatories"** are those persons authorized by District and the IOR to execute the Agreement and any Amendments.

22. **"TIO Plan"** is the testing, inspection and observations plan prepared by the DPOR and reviewed by the IOR and HCAI (if required).

23. **"Work"** includes all construction improvements described in the Permitted Drawings and Specifications.





Exhibit 2 – Scope of Services

1. IOR SERVICES

1.1 Schedule. IOR's schedule will be developed with Project Manager (anticipated to be 2 or 3 days per week while Design Builder is working on-site) based upon the Design Builder's scheduled activities and progress.

1.2 Collaboration. The IOR will coordinate and collaborate with the District's Project Manager, Design Builder, subcontractors, and other Project team members to establish protocols for testing and inspection that results in a first-time, overall 98% inspection passing rate. If Design Builder or any of its subcontractors' passing rate drops below 95%, the District's Project Manager will facilitate a root cause assessment meeting among the IOR, Design Builder, and the necessary subcontractors to determine the reason for the failed inspections and to assist the Project team member(s) in understanding the IOR's expectations, and how to increase the overall passage rate to 98%. The District does not expect the IOR to provide leniency in their inspection or process, but does expect that the IOR will attend all required meetings and provide clear communication regarding the requirements and expectations necessary for passing inspection.

1.3 General. IOR will fulfill the role of Inspector of Record with respect to the Project pursuant to the requirements of the CAC and additional requirements of this Exhibit 2, including but not limited to performing continuous inspections, performing inspections as appropriate in response to inspection requests from the Design Builder, performing inspections required by the TIO Program, documenting the Work progress and inspections, and submitting required documentation to HCAI. The Services do not include performance of those special inspections required by applicable sections of the CAC, unless expressly stated in this Exhibit 2.

1.4 IOR's Personnel's Respective Portion of the Services. IOR may assign multiple personnel to perform the Services, but must obtain HCAI approvals of assignments consistent with the CAC including but not limited to CAC sections 7-212 and 7-141(f). Each such personnel must be appropriately certified and qualified for their specific scope, ensure their respective scope is accurately listed on the TIO Program, and must themselves perform their respective portion of the Services.

1.5 Assess/Reject Work. IOR will promptly notify District's Representative, the Design Builder, and applicable DPOR if the Work observed or inspected by the IOR does not conform to the Permitted Drawings and Specifications or Applicable Law, or if the IOR does not feel qualified in passing judgment on questionable material or workmanship. IOR may recommend that DPOR or District's Representative direct the Design Builder or a subcontractor to suspend a portion of the Work if the IOR reasonably believes that continuance would result in an emergency condition affecting the safety of persons or property. The IOR will not be



authorized to direct the performance, removal, or correction of any portion of the Work. Whenever, in IOR's reasonable opinion, additional testing or inspection of any Work is necessary or advisable, the IOR will recommend to the District's Representative and applicable DPOR additional testing or inspection, whether the Work is fabricated, installed or completed.

1.6 Submittals. IOR will deliver copies of all testing, inspection, and observation reports, including field notes and observation logs or reports, within 3 business days of performing the testing, inspection, or observation, unless a different schedule is agreed upon in writing. IOR will also provide all documentation, reports, and certifications required by the Permitted Drawings and Specifications or any Governmental Authority.

1.7 Reporting and Record Keeping. The IOR and its consultants will perform required testing and inspection in accordance with the TIO Program and document the results of all testing, inspections, and observations in a format acceptable and approved by District's Representative and necessary Governmental Authorities. IOR will provide its daily reports and documentation to the Project Manager by email or IOR may be required to upload such documents to a document management system (e.g., eBuilder, Plangrid) hosted by Design Builder.

1.7.1 IOR will maintain field records (kept in a manner that they are available on the job) including:

1.7.1.1 Chronological record of: (a) All inspections performed, including special inspections, geotechnical inspections, those done by system certifiers, verifications, observations by DPORs, project walk-throughs, and all Project-related inspections; violations noted and how notifications were presented; and (b) All requests and notifications for the following: clarifications, interpretations, amended construction documents, deferred approval documents, inspection requests, noncomplying Work notifications given to the Design Builder, and inquiries to the DPOR for document interpretations.

1.7.2 IOR daily reports

1.7.3 All test and special inspection reports required by the Permitted Drawings and Specifications and TIO Program or the statement of special inspections (if applicable, prepared by the DPOR per CBC 1704A.3.1).

1.7.4 A list of test reports of all non-conforming materials or defective workmanship and indicating the method of correction.

1.7.5 Approved Plans and Specifications (including all plans and specifications, addenda, deferred approvals, HCAI change orders, and requests for information responses, instructions, and clarifications issued by the DPOR).

1.7.6 Documentation of changes that materially alter the Work, and per CAC §7-153(e), log of "materially alter" items maintained by DPOR.

1.7.7 TIO Program.

1.7.8 Building permit.



1.7.9 All codes and regulations referred to in the Permitted Drawings and Specifications.

1.7.10 Certifications and other credentials of all special inspectors and testing agencies used for the Project.

1.7.11 HCAI field staff reports.

1.7.12 Additional documents that are required for Inspector of Record compliance with the CAC.

1.8 Verified Compliance Reports (see CAC § 7-151). IOR will submit verified compliance reports as stated in the approved TIO Program, on form OSH-FD-123 or format approved by the District's Project Manager. IOR will monitor the status of post approval items and confirm compliance of approved construction changes in the field. IOR will have the Permitted Drawings and Specifications at hand. Shop drawings may not be used as a basis for inspection unless they correspond exactly with the HCAI approved construction documents or have been submitted to and approved by HCAI as part of the Permitted Drawings and Specifications.

1.9 Missing Testing and Inspections. IOR will ensure that it has copies of all test and inspection reports required by the TIO Plan and the Permitted Plans and Specifications, will request copies of missing documents from inspectors and agencies, and will notify the District's Project Manager and DPOR if all required tests and inspections have not been timely performed or if any Work was covered before inspection.

1.10 Inspection Requests. IOR will develop protocols for Design Builder's inspection requests in collaboration with the Project Manager and the subcontractors. IOR will reject inspection requests if the Work covered by the request is not ready for inspection, or if the Design Builder or subcontractor performing the Work have not signed the request certifying that the Work is complete and in compliance with the Permitted Plans and Specifications and Applicable Law. IOR will maintain copies of each inspection request and maintain a log indicating each request, date received, date inspection requested, date executed, trade requesting, and approval or rejection. IOR will promptly notify the requesting party of the approval or rejection, with copy to the District's Representative and Project Manager.

1.11 Continuous Inspection of the Work. Comply with the requirements of the California Administrative Code section 7-145 for continuous inspection of the Work as follows:

1.11.1 The IOR will have personal knowledge, of all parts of the Work in all stages of its progress to ensure that the Work is in accordance with the Permitted Drawings and Specifications.

1.11.2 Continuous inspection means complete inspection of every part of the Work. Certain portions of the Work can be inspected only as it is placed or assembled, and therefore requires the constant presence of the IOR. Other portions of the Work which can be completely inspected after the Work is installed may be carried on while the IOR is not present. In no case shall the IOR have or assume any duties which will prevent continuous inspection.



1.11.3 The IOR will work under the direction of the applicable DPOR. All inconsistencies or seeming errors in the Permitted Drawings and Specifications shall be reported promptly to the applicable DPOR for interpretation and instructions. In no case, however, may the instructions of the DPOR in responsible charge be construed to cause Work to be done which is not in conformity with the Permitted Drawings and Specifications.

1.11.4 The IOR will maintain a file of Permitted Drawings and Specifications on the job at all times including all reports of tests and inspections required by the Contract Documents and shall immediately return any unapproved documents to the appropriate DPOR for proper action. The IOR will also maintain on the job at all times, all codes and regulations referred to in the Permitted Drawings and Specifications.

1.11.5 The inspector shall notify HCAI:

1.11.5.1 When the Work is started or resumed on the Project.

1.11.5.2 When Work has been suspended for a period of more than two weeks.

1.11.6 The IOR will maintain field records of construction progress for each day or any portion of a day that it is present at the Project site location. The field record shall state the time of arrival, time of departure, a summary of Work in progress and noted deficiencies in the construction or deviations from the Permitted Drawings and Specifications. This field record shall document the date, time and method of correction for any noted deficiencies or deviations. In addition, this record shall contain the following as applicable:

1.11.6.1 The time and date of placing concrete; time and date of removal of forms and shoring in each portion of the structure; location of defective concrete; and time, date and method of correction of defects.

1.11.6.2 Identification marks of welders, lists of defective welds, and manner of correction of defects and other related events.

1.11.6.3 A list of test reports of all nonconforming materials or defective workmanship and shall indicate the corrective actions taken

1.11.6.4 Log of changes to the Work prepared by the DPOR as required by CAC Section 7-153 (e).

1.11.6.5 IOR will also document, to the extent material, discussions and agreements made with Design Builder or HCAI field staff, comments made by Governmental Authorities and/or needed corrections, accidents related to the Project,



workforce, weather, and photos taken for documenting progress or problems

1.11.7 IOR will retain all field records of construction progress at the Project site until the completion of the Work and will, upon request, be made available to the HCAI, the DPOR, District, and District's Project Manager. Upon completion of the Project, these original field records will be submitted to the District's Project Manager.

1.11.8 The inspector will notify the Design Builder, in writing, of any deviations from the Permitted Drawings and Specifications or new construction not in compliance with the California Building Standards Code, which have not been immediately corrected. Copies of such notice must be forwarded immediately to the applicable DPOR, District's Project Manager, and to HCAI.





Exhibit 3 – Billable Rates

Name	Position	Rate
William "Kerme" Smith	IOR	\$1,600.00 day on-site \$150 hourly on-site \$110 hourly office

Notes:

1. Daily Rate. Daily rate requires a minimum of 8 hours on-site, or a combination of travel to/from the site and time on-site. The daily rate is compensation for travel time, mileage, lodging, per diem, and incidentals.
2. Partial Day Travel or On-Site. A partial day of travel and on-site services is billed at the hourly on-site rate. This is compensation for travel time, mileage, lodging, per diem, and incidentals.
3. Office. Home office document review and paperwork is billable at the hourly office rate in full hour increments.





Exhibit 4 – Permitted Drawings and Specifications

(Completed by Amendment.)

Sheet	Description	Date





Exhibit 5 – Conflict of Interest Policy

(See Attached)



