



Hazel Hawkins  
MEMORIAL HOSPITAL

**REGULAR MEETING OF THE FACILITIES AND FINANCE COMMITTEE  
SAN BENITO HEALTH CARE DISTRICT  
911 SUNSET DRIVE, HOLLISTER, CALIFORNIA  
MONDAY, FEBRUARY 23, 2026 - 4:30 P.M.  
SUPPORT SERVICES BUILDING, 2<sup>ND</sup> FLOOR – GREAT ROOM**

*San Benito Health Care District is a public agency that serves as a responsive, comprehensive health care resource for its patients, physicians and the community.*

1. Call to Order
2. Update on Current Projects
  - Project Dashboard – January 2026
3. Review Financial Updates
  - Financial Statements – January 2026
  - Finance Dashboard – January 2026
  - Supplemental Payments – January 2026
  - HCAI – Rural Health Transformation Program
4. Consider Recommendation for Board Approval of Commercial Lease with Ceglia Properties, LLC.
  - Report
  - Committee Questions
  - Motion/Second
5. Consider Recommendation for Board Approval of Professional Service Agreement with Focus Physical Therapy and Gym Management Services, Inc.
  - Report
  - Committee Questions
  - Motion/Second

6. Consider Recommendation for Board Approval of Master Service Agreement with Innova Revenue Group.
  - Report
  - Committee Questions
  - Motion/Second
  
7. Consider Recommendation for Board Approval of Weapons Detection System Xtract One in the amount of \$138,276.64.
  - Report
  - Committee Questions
  - Motion/Second
  
8. Consider Recommendation for Board Approval of Architectural Fee for Lab Remodel Phase 3 & 4.
  - Report
  - Committee Questions
  - Motion/Second

9. Public Comment

This opportunity is provided for members of the public to make a brief statement, not to exceed three (3) minutes, on matters within the jurisdiction of this District Board **Committee**, which are not on this agenda.

10. Adjournment

The next Facilities and Finance Committee meeting is scheduled for **Monday, March 23, 2026** at **4:30 p.m.**

The complete Facilities and Finance Committee packet, including subsequently distributed materials and presentations, is available at the Facilities and Finance Committee meeting and in the Administrative Offices of the District. All items appearing on the agenda are subject to action by the Facilities and Finance Committee. Staff and Committee recommendations are subject to change by the Facilities and Finance Committee.

Notes: Requests for a disability-related modification or accommodation, including auxiliary aids or services, to attend or participate in a meeting should be made to District Administration during regular business hours at 831-636-2673. Notification received 48 hours before the meeting will enable the District to make reasonable accommodations.

## FEB 2026 Project Dashboard - Facilities

Project Name	Purpose	Start Date	Go Live	Duration	Status	Priority	Key Stakeholder	Role	Update
BD Installation	New Pyxis Machines for ICU	12/4/2024	3/1/2026	452	In Progress	Medium	Naveen Ravela	Pharmacy Director	Team has completed construction, pending BD site visit to turn on machines.
Lab Phase 1	Upgrading Analyzers (Validation Only)	6/1/2024	2/1/2026	610	Completed	High	Bernadette Enderez	Lab/Radiology Director	Project is closed out and has been rolled into phase 2.
Lab Phase 2	Analyzer Replacement	6/1/2024	4/1/2026	669	In Progress	High	Bernadette Enderez	Lab/Radiology Director	Phase 2B has started, pending HCAI FLSO and CO to sign off on 2A.
OR Rebuild	Updating OR per OSHPD Requirements	11/20/2024	12/31/2026	771	In Progress	High	Mendi Suber-Ventura	Director of Surgical Services	Pending internal investigation for smaller/cheaper part replacement to see if sufficient fix. CDPH waiver has been extended until JAN 202.
Sterilizer Replacement	installation of new AMSCO 400 48 SD equipment for Sterile Processing Department	9/16/2025	11/1/2026	411	In Progress	High	Mendi Suber-Ventura	Director of Surgical Services	Advertisement for bid is posted. Site walk with GC 2/24. Bids due week of 3/16
Seismic	Upgrade to Meet HCAI Seismic Compliance & Safety Standards	11/1/2025	1/1/2033		Ongoing	High	Jorge Ramirez	Director of Emergency Management; Security; Life Safety; EVS; Engineering	Compliance plan successfully submitted before the 1/1/26 deadline. HCAI grant application submitted. Pending Geotech proposals and work to aid in the schematic design.
*Imaging Trailer Pad Make Ready	Treanor to help when MP starts	10/1/2025	TBD		In Progress	Medium	Bernadette Enderez	Lab/Radiology Director	Pending decision

## FEB 2026 Project Dashboard - Facilities

*Verkada	Security / SSO + Door Access	3/11/2025	TBD	In Progress	High	Jorge Ramirez	Director of Emergency Management; Security; Life Safety; EVS; Engineering	Contract issued to The Core Group to start construction. Pending HCAI building permit issuance then construction will start approx week of 2/23. Still will need Safehouse to actually install all devices
HUGS/Securitas	Infant Security	4/12/2024	5/1/2026	In Progress	High	Jac Fernandez	Senior Director of Acute Care Services	Construction is completed. Preparing for location optimization and tuning of devices with Vendor.
ED Helipad	System is an AFFF system and no longer allowed in CA. Is required to be phased out due to being a hazardous chemical.	5/27/2025	6/1/2026	In Progress	High	Jorge Ramirez	Director of Emergency Management; Security; Life Safety; EVS; Engineering	Reguar (S) project has been submitted. construction will start after HCAI approval.
Northside SNF Kitchen Flooring	Replace kitchen and storage flooring at the Northside SNF	1/1/2026	TBD	In Progress	High	Jaylee Davison	Interim Director of Nursing – (SNF)	Pending proposal approval for architect and proposal for flooring contractor. Internal team meeting regularly to discuss logistics planning.
Physical Therapy Clinic Remodel	Expanding current location to help with ongoing demand	6/1/2025	TBD	On Hold	Medium	Jun Estrada	Director of Physical Therapy	Looking to perform feasibility study of the new location

# FEB 2026 Project Dashboard - Facilities

Focus Sports Therapy	Rennovate and expand Focus sports therapy clinic	7/1/2025	TBD	In Progress	Medium	Jorge Ramirez	Director of Emergency Management; Security; Life Safety; EVS; Engineering	Working with architects on schematic design.
<b>Totals</b>								

estimated go-live  
planned go live

TASK STATUS %	
STATUS	COUNT
Not Started	0
In Progress	10
Overdue	0
On Hold	1
Ongoing	1
Complete Test	1
<b>TOTAL</b>	<b>13</b>
	<b>100%</b>

PROJECT PRIORITY %	
PRIORITY	COUNT
High	9
Medium	4
Low	0
<b>TOTAL</b>	<b>13</b>
	<b>100%</b>



San Benito Health Care District

## San Benito Health Care District

A Public Agency  
911 Sunset Drive  
Hollister, CA 95023-5695  
(831) 637-5711

February 23, 2026

### **CFO Financial Summary for the District Board:**

For the month ending January 31, 2026, the District's Net Surplus (**Loss**) is \$1,415,733 compared to a budgeted Surplus (**Loss**) of \$507,787. The District exceeded the budget for the month by \$907,946.

YTD as of January 31, 2026, the District's Net Surplus (**Loss**) is \$8,742,700 compared to a budgeted Surplus (**Loss**) of \$6,473,259. The District is exceeding its budget YTD by \$2,269,441.

Acute discharges were 133 for the month, under budget by 30 discharges, 19%. The ADC was 13.61 compared to a budget of 14.79. The ALOS was 3.17. The acute I/P gross revenue was slightly under budget by **\$121,299** or 2% while O/P services gross revenue exceeded the budget by **\$2.35 million** or 8%. ER I/P visits were 105 and ER O/P visits were under budget by 145 visits or 6%. The RHCs & Specialty Clinics treated 3,928 (includes 650 visits at the Diabetes Clinic) and 1,110 visits respectively.

**Other Operating** revenue exceeded budget by **\$793,815** due mainly to:

- 1) \$250,000 in recruitment funding from CCAH payments.
- 2) Additional accruals for various supplemental payments.

**Operating Expenses** exceeded the budget by **\$921,502** due mainly to: overages in Registry of \$206,147, Employee Benefits of \$272,650 and Professional Fees of \$445,803 being slightly offset by savings in Salaries & Wages Expense of \$132,536.

**Non-operating Revenue** exceeded the budget by **\$79,919** due to the timing of donations from the Foundation.

The SNFs ADC was **89.71** for the month. The Net Surplus (**Loss**) is \$195,150 compared to a budget of \$106,433. YTD, the Net Surplus (**Loss**) is \$1,791,611 exceeding the budget by \$1,074,291.

HAZEL HAWKINS MEMORIAL HOSPITAL - COMBINED  
HOLLISTER, CA 95023  
FOR PERIOD 01/31/26

	CURRENT MONTH			PRIOR YR			YEAR-TO-DATE			
	ACTUAL 01/31/26	BUDGET 01/31/26	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 01/31/25	ACTUAL 03/31/26	BUDGET 03/31/26	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 01/31/25
GROSS PATIENT REVENUE:										
ACUTE ROUTINE REVENUE	3,645,724	3,497,715	148,009	4	2,991,007	25,356,907	23,695,320	1,661,587	7	23,696,755
SNF ROUTINE REVENUE	2,095,830	2,092,500	3,330	0	2,059,560	14,213,016	14,512,500	(299,485)	(2)	13,934,310
ANCILLARY INPATIENT REVENUE	4,030,056	4,302,153	(272,097)	(6)	4,469,292	27,556,297	30,002,030	(2,445,733)	(8)	30,216,983
HOSPITALIST\PEDES I/P REVENUE	159,333	0	159,333	0	0	1,262,370	0	1,262,370	0	0
TOTAL GROSS INPATIENT REVENUE	9,930,943	9,892,368	38,575	0	9,519,858	68,388,589	68,209,850	178,739	0	67,848,048
ANCILLARY OUTPATIENT REVENUE	33,453,263	31,206,909	2,246,354	7	30,232,303	218,446,571	214,003,783	4,442,788	2	203,943,313
HOSPITALIST\PEDES O/P REVENUE	99,329	0	99,329	0	0	766,424	0	766,424	0	0
TOTAL GROSS OUTPATIENT REVENUE	33,552,592	31,206,909	2,345,683	8	30,232,303	219,212,995	214,003,783	5,209,212	2	203,943,313
TOTAL GROSS PATIENT REVENUE	43,483,535	41,099,277	2,384,258	6	39,752,162	287,601,585	282,213,633	5,387,952	2	271,791,361
DEDUCTIONS FROM REVENUE:										
MEDICARE CONTRACTUAL ALLOWANCES	11,656,446	11,258,928	397,518	4	9,228,619	80,481,673	76,141,513	4,340,160	6	71,163,151
MEDI-CAL CONTRACTUAL ALLOWANCES	12,016,295	10,671,634	1,344,661	13	9,819,433	76,885,506	72,221,901	4,663,605	7	69,686,208
BAD DEBT EXPENSE	334,428	1,040,398	(705,971)	(68)	469,734	5,026,054	7,099,042	(2,072,988)	(29)	5,226,873
CHARITY CARE	29,828	32,303	(2,475)	(8)	1,793	367,043	218,566	148,477	68	170,358
OTHER CONTRACTUALS AND ADJUSTMENTS	5,228,397	4,991,937	236,460	5	5,080,820	35,464,328	33,780,650	1,683,678	5	32,749,109
HOSPITALIST\PEDES CONTRACTUAL ALLOW	(389)	0	(389)	0	0	155,222	0	155,222	0	0
TOTAL DEDUCTIONS FROM REVENUE	29,265,005	27,995,200	1,269,805	5	24,600,398	198,379,825	189,461,672	8,918,153	5	178,995,700
NET PATIENT REVENUE	14,218,531	13,104,077	1,114,454	9	15,151,763	89,221,759	92,751,961	(3,530,202)	(4)	92,795,662
OTHER OPERATING REVENUE	1,929,588	1,135,773	793,815	70	547,380	14,576,283	8,238,469	6,337,814	77	4,935,835
NET OPERATING REVENUE	16,148,119	14,239,850	1,908,269	13	15,699,143	103,798,042	100,990,430	2,807,612	3	97,731,497
OPERATING EXPENSES:										
SALARIES & WAGES	5,527,849	5,681,282	(153,433)	(3)	5,371,967	37,605,153	38,872,195	(1,267,042)	(3)	35,124,116
REGISTRY	752,592	525,384	227,208	43	551,368	4,677,871	3,677,690	1,000,181	27	3,605,053
EMPLOYEE BENEFITS	2,928,285	2,532,635	395,650	16	2,351,635	17,064,827	17,110,547	(45,721)	0	15,276,808
PROFESSIONAL FEES	2,090,297	1,644,784	445,513	27	1,641,756	12,721,669	11,513,108	1,208,561	11	11,054,570
SUPPLIES	1,412,485	1,310,899	101,586	8	1,286,229	9,097,779	8,981,362	116,417	1	7,744,293
PURCHASED SERVICES	1,390,661	1,390,106	555	0	1,492,426	9,424,095	9,543,615	(119,521)	(1)	9,323,215
RENTAL	191,295	169,755	21,540	13	180,689	1,273,285	1,168,285	1,000	7	1,113,733
DEPRECIATION & AMORT	353,506	315,202	38,304	12	303,463	2,375,187	2,206,420	168,767	8	2,219,592
INTEREST	10,225	19,531	(9,306)	(48)	5,105	109,237	137,906	(28,669)	(21)	293,599
OTHER	538,826	526,201	12,625	2	448,609	3,701,232	3,972,055	(270,823)	(7)	3,133,396
TOTAL EXPENSES	15,196,021	14,115,779	1,080,242	8	13,633,247	98,050,335	97,203,183	847,152	1	88,888,374
NET OPERATING INCOME (LOSS)	952,098	124,071	828,027	667	2,065,896	5,747,706	3,787,247	1,960,459	52	8,643,122

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HAZEL HAWKINS MEMORIAL HOSPITAL - COMBINED  
 HOLLISTER, CA 95023  
 FOR PERIOD 01/31/26

	CURRENT MONTH			PRIOR YR			YEAR-TO-DATE			
	ACTUAL 01/31/26	BUDGET 01/31/26	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 01/31/25	ACTUAL 01/31/26	BUDGET 01/31/26	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 01/31/25
NON-OPERATING REVENUE\EXPENSE:										
DONATIONS	106,937	20,000	86,937	435	138,562	459,964	140,000	319,964	229	213,451
PROPERTY TAX REVENUE	248,434	248,434	0	0	241,122	1,739,038	1,739,038	0	0	1,687,854
GO BOND PROP TAXES	181,114	181,114	0	0	175,915	1,267,795	1,267,798	(3)	0	1,231,403
GO BOND INT REVENUE\EXPENSE	(61,114)	(61,114)	0	0	(65,081)	(427,795)	(427,798)	3	0	(455,570)
OTHER NON-OPER REVENUE	16,089	16,399	(310)	(2)	17,852	110,254	114,793	(4,539)	(4)	113,561
OTHER NON-OPER EXPENSE	(29,237)	(22,742)	(6,495)	29	(28,312)	(165,882)	(159,194)	(6,688)	4	(195,183)
INVESTMENT INCOME	1,412	1,625	(213)	(13)	2,092	11,620	11,375	245	2	8,146
COLLABORATION CONTRIBUTIONS	0	0	0	0	0	0	0	0	0	0
TOTAL NON-OPERATING REVENUE/(EXPENSE)	463,635	383,716	79,919	21	482,149	2,994,994	2,686,012	308,982	12	2,603,663
NET SURPLUS (LOSS)	1,415,733	507,787	907,946	179	2,548,046	8,742,700	6,473,259	2,269,441	35	11,446,785
EBIDA	\$ 1,678,475	\$ 725,731	\$ 952,744	131.28%	\$ 2,768,987	\$ 10,443,770	\$ 7,998,873	\$ 2,444,897	30.56%	\$ 13,085,727
EBIDA MARGIN	10.39%	5.10%	5.30%	103.94%	17.64%	10.06%	7.92%	2.14%	27.03%	13.39%
OPERATING MARGIN	5.90%	0.87%	5.02%	576.69%	13.16%	5.54%	3.75%	1.79%	47.65%	9.05%
NET SURPLUS (LOSS) MARGIN	8.77%	3.57%	5.20%	145.85%	16.23%	8.42%	6.41%	2.01%	31.40%	11.71%

HAZEL HAWKINS MEMORIAL HOSPITAL - ACUTE FACILITY  
HOLLISTER, CA 95023  
FOR PERIOD 01/31/26

	CURRENT MONTH			PRIOR YR			YEAR-TO-DATE			
	ACTUAL 01/31/26	BUDGET 01/31/26	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 01/31/25	ACTUAL 01/31/26	BUDGET 01/31/26	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 01/31/25
GROSS PATIENT REVENUE:										
ROUTINE REVENUE	3,645,724	3,497,715	148,009	4	2,991,007	25,356,907	23,695,320	1,661,587	7	23,696,755
ANCILLARY INPATIENT REVENUE	3,480,191	3,908,832	(428,641)	(11)	4,157,848	24,461,794	27,346,546	(2,884,752)	(11)	27,702,769
HOSPITALIST I\ P REVENUE	159,333	0	159,333	0	0	1,262,370	0	1,262,370	0	0
TOTAL GROSS INPATIENT REVENUE	7,285,248	7,406,547	(121,299)	(2)	7,148,855	51,081,071	51,041,866	39,205	0	51,399,524
ANCILLARY OUTPATIENT REVENUE	33,453,263	31,206,909	2,246,354	7	30,232,303	218,446,571	214,003,783	4,442,788	2	203,943,313
HOSPITALIST O\ P REVENUE	99,329	0	99,329	0	0	766,424	0	766,424	0	0
TOTAL GROSS OUTPATIENT REVENUE	33,552,592	31,206,909	2,345,683	8	30,232,303	219,212,995	214,003,783	5,209,212	2	203,943,313
TOTAL GROSS ACUTE PATIENT REVENUE	40,837,840	38,613,456	2,224,384	6	37,381,158	270,294,066	265,045,649	5,248,417	2	255,342,838
DEDUCTIONS FROM REVENUE ACUTE:										
MEDICARE CONTRACTUAL ALLOWANCES	11,301,514	10,970,792	330,722	3	9,046,168	78,305,169	74,228,948	4,076,221	6	69,414,218
MEDI-CAL CONTRACTUAL ALLOWANCES	11,946,929	10,570,882	1,376,047	13	9,730,420	76,768,722	71,523,137	5,245,585	7	68,980,037
BAD DEBT EXPENSE	390,069	1,035,398	(645,330)	(62)	471,767	5,045,485	7,064,042	(2,018,557)	(29)	5,286,241
CHARITY CARE	29,828	32,303	(2,475)	(8)	1,793	362,386	218,566	143,820	66	170,358
OTHER CONTRACTUALS AND ADJUSTMENTS	5,149,124	4,956,701	192,423	4	5,014,546	35,257,266	33,537,296	1,719,970	5	32,509,850
HOSPITALIST\ PEDS CONTRACTUAL ALLOW	(389)	0	(389)	0	0	155,222	0	155,222	0	0
TOTAL ACUTE DEDUCTIONS FROM REVENUE	28,817,075	27,566,076	1,250,999	5	24,264,694	195,894,250	186,571,989	9,322,261	5	176,360,704
NET ACUTE PATIENT REVENUE	12,020,765	11,047,380	973,385	9	13,116,464	74,399,816	78,473,660	(4,073,844)	(5)	78,982,134
OTHER OPERATING REVENUE	1,823,201	1,135,773	687,428	61	547,380	13,831,574	8,238,469	5,593,105	68	4,935,835
NET ACUTE OPERATING REVENUE	13,843,966	12,183,153	1,660,813	14	13,663,844	88,231,389	86,712,129	1,519,260	2	83,917,969
OPERATING EXPENSES:										
SALARIES & WAGES	4,426,294	4,558,829	(132,536)	(3)	4,277,649	30,202,729	31,165,022	(962,293)	(3)	27,878,039
REGISTRY	682,307	476,160	206,147	43	502,554	4,223,478	3,333,120	890,358	27	3,281,966
EMPLOYEE BENEFITS	2,290,783	2,018,133	272,650	14	1,867,994	13,312,919	13,571,905	(258,986)	(2)	11,863,171
PROFESSIONAL FEES	2,088,087	1,642,284	445,803	27	1,639,546	12,706,199	11,495,608	1,210,591	11	11,039,100
SUPPLIES	1,302,509	1,212,531	89,978	7	1,181,301	8,299,382	8,297,869	1,513	0	7,060,829
PURCHASED SERVICES	1,268,784	1,285,899	(17,115)	(1)	1,383,993	8,699,025	8,820,748	(121,723)	(1)	8,630,872
RENTAL	177,797	161,839	15,958	10	165,983	1,147,655	1,130,653	17,002	2	1,072,133
DEPRECIATION & AMORT	312,502	276,161	36,341	13	264,045	2,094,757	1,933,133	161,624	8	1,946,658
INTEREST	10,225	19,531	(9,306)	(48)	5,105	109,237	137,906	(28,669)	(21)	293,599
OTHER	495,539	481,956	13,583	3	409,437	3,254,567	3,530,894	(276,327)	(8)	2,743,622
TOTAL EXPENSES	13,054,825	12,133,323	921,502	8	11,697,608	84,049,950	83,416,858	633,092	1	75,809,987
NET OPERATING INCOME (LOSS)	789,141	49,830	739,311	1,484	1,966,237	4,181,439	3,295,271	886,168	27	8,107,982

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HAZEL HAWKINS MEMORIAL HOSPITAL - ACUTE FACILITY  
HOLLISTER, CA 95023  
FOR PERIOD 01/31/26

	CURRENT MONTH			YEAR-TO-DATE			
	ACTUAL 01/31/26	BUDGET 01/31/26	PERCENT VARIANCE	ACTUAL 01/31/26	BUDGET 01/31/26	PERCENT VARIANCE	PRIOR YR 01/31/25
NON-OPERATING REVENUE/EXPENSE:							
DONATIONS	106,937	20,000	86,937	435	138,562	459,964	213,451
PROPERTY TAX REVENUE	211,194	211,194	0	0	204,954	1,478,358	1,434,678
GO BOND PROP TAXES	181,114	181,114	0	0	175,915	1,267,798	1,231,403
GO BOND INT REVENUE\EXPENSE	(61,114)	(61,114)	0	0	(65,081)	(427,795)	(455,570)
OTHER NON-OPER REVENUE	16,089	16,399	(310)	(2)	17,852	114,793	113,561
OTHER NON-OPER EXPENSE	(24,189)	(17,694)	(6,495)	37	(22,124)	(123,858)	(151,866)
INVESTMENT INCOME	1,412	1,625	(213)	(13)	2,092	11,375	8,146
COLLABORATION CONTRIBUTIONS	0	0	0	0	0	0	0
TOTAL NON-OPERATING REVENUE/(EXPENSE)	431,443	351,524	79,919	23	452,170	2,769,650	2,393,804
NET SURPLUS (LOSS)	1,220,583	401,354	819,229	204	2,418,406	6,951,089	10,501,787

HAZEL HANKINS SKILLED NURSING FACILITIES  
HOLLISTER, CA  
FOR PERIOD 01/31/26

	CURRENT MONTH			PRIOR YR			YEAR-TO-DATE			
	ACTUAL 01/31/26	BUDGET 01/31/26	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 01/31/25	ACTUAL 01/31/26	BUDGET 01/31/26	POS/NEG VARIANCE	PERCENT VARIANCE	PRIOR YR 01/31/25
GROSS SNF PATIENT REVENUE:										
ROUTINE SNF REVENUE	2,095,830	2,092,500	3,330	0	2,059,560	14,213,016	14,512,500	(299,485)	(2)	13,934,310
ANCILLARY SNF REVENUE	549,865	393,321	156,544	40	311,443	3,094,503	2,655,484	439,019	17	2,514,213
TOTAL GROSS SNF PATIENT REVENUE	2,645,695	2,485,821	159,874	6	2,371,003	17,307,519	17,167,984	139,535	1	16,448,523
DEDUCTIONS FROM REVENUE SNF:										
MEDICARE CONTRACTUAL ALLOWANCES	354,932	288,136	66,796	23	182,451	2,176,504	1,912,565	263,939	14	1,748,933
MEDI-CAL CONTRACTUAL ALLOWANCES	69,366	100,752	(31,386)	(31)	89,012	116,784	698,764	(581,980)	(83)	706,171
BAD DEBT EXPENSE	(55,641)	5,000	(60,641)	(1,213)	(2,033)	(19,431)	35,000	(54,431)	(156)	(59,368)
CHARITY CARE	0	0	0	0	0	4,656	0	4,656	0	0
OTHER CONTRACTUALS AND ADJUSTMENTS	79,272	35,236	44,036	125	66,274	207,062	243,354	(36,292)	(15)	239,259
TOTAL SNF DEDUCTIONS FROM REVENUE	447,929	429,124	18,805	4	335,704	2,485,576	2,889,683	(404,108)	(14)	2,634,995
NET SNF PATIENT REVENUE	2,197,766	2,056,697	141,069	7	2,035,299	14,821,943	14,278,301	543,642	4	13,813,528
OTHER OPERATING REVENUE	106,387	0	106,387	0	0	744,709	0	744,709	0	0
NET SNF OPERATING REVENUE	2,304,153	2,056,697	247,456	12	2,035,299	15,566,652	14,278,301	1,288,351	9	13,813,528
OPERATING EXPENSES:										
SALARIES & WAGES	1,101,555	1,122,453	(20,898)	(2)	1,094,318	7,402,424	7,707,173	(304,749)	(4)	7,246,078
REGISTRY	70,285	49,224	21,061	43	48,814	454,393	344,570	109,823	32	323,088
EMPLOYEE BENEFITS	637,502	514,502	123,000	24	483,641	3,751,907	3,538,642	213,265	6	3,413,637
PROFESSIONAL FEES	2,210	2,500	(290)	(12)	2,210	15,470	17,500	(2,030)	(12)	15,470
SUPPLIES	109,977	98,368	11,609	12	104,928	798,397	683,493	114,904	17	683,464
PURCHASED SERVICES	121,877	104,207	17,670	17	108,434	725,070	722,867	2,203	0	692,343
RENTAL	13,498	7,916	5,582	71	14,706	125,630	57,632	67,998	118	41,601
DEPRECIATION	41,004	39,041	1,963	5	39,418	280,430	273,287	7,143	3	272,934
INTEREST	0	0	0	0	0	0	0	0	0	0
OTHER	43,287	44,245	(958)	(2)	39,171	446,665	441,161	5,504	1	389,774
TOTAL EXPENSES	2,141,195	1,982,456	158,739	8	1,935,639	14,000,385	13,786,325	214,060	2	13,078,388
NET OPERATING INCOME (LOSS)	162,957	74,241	88,716	120	99,660	1,566,267	491,976	1,074,291	218	735,140
NON-OPERATING REVENUE/EXPENSE:										
DONATIONS	0	0	0	0	0	0	0	0	0	0
PROPERTY TAX REVENUE	37,240	37,240	0	0	36,168	260,680	260,680	0	0	253,176
OTHER NON-OPER EXPENSE	(5,048)	(5,048)	0	0	(6,188)	(35,336)	(35,336)	0	0	(43,318)
TOTAL NON-OPERATING REVENUE/(EXPENSE)	32,192	32,192	0	0	29,980	225,344	225,344	0	0	209,858
NET SURPLUS (LOSS)	195,150	106,433	88,717	83	129,639	1,791,611	717,320	1,074,291	150	944,998

HAZEL HAWKINS MEMORIAL HOSPITAL  
 HOLLISTER, CA  
 For the month ended 01/31/26

	CURR MONTH 01/31/26	PRIOR MONTH 12/31/25	POS/NEG VARIANCE	PERCENTAGE VARIANCE	PRIOR YR 06/30/25
<b>CURRENT ASSETS</b>					
CASH & CASH EQUIVALENT	42,518,478	42,001,600	516,877	1	46,670,217
PATIENT ACCOUNTS RECEIVABLE	70,098,341	67,843,853	2,254,488	3	66,556,290
BAD DEBT ALLOWANCE	(6,511,708)	(6,138,977)	(372,732)	6	(7,062,672)
CONTRACTUAL RESERVES	(42,298,564)	(40,510,534)	(1,788,031)	4	(40,404,377)
OTHER RECEIVABLES	6,220,741	9,397,125	(3,176,384)	(34)	4,952,401
INVENTORIES	5,037,902	5,032,572	5,330	0	4,981,471
PREPAID EXPENSES	2,972,992	2,748,231	224,761	8	2,599,584
DUE TO\FROM THIRD PARTIES	(181,860)	(181,860)	0	0	(181,860)
<b>TOTAL CURRENT ASSETS</b>	<b>77,856,322</b>	<b>80,192,012</b>	<b>(2,335,690)</b>	<b>(3)</b>	<b>78,111,054</b>
<b>ASSETS WHOSE USE IS LIMITED</b>					
BOARD DESIGNATED FUNDS	7,752,213	7,634,354	117,860	2	5,666,884
<b>TOTAL LIMITED USE ASSETS</b>	<b>7,752,213</b>	<b>7,634,354</b>	<b>117,860</b>	<b>2</b>	<b>5,666,884</b>
<b>PROPERTY, PLANT, AND EQUIPMENT</b>					
LAND & LAND IMPROVEMENTS	3,370,474	3,370,474	0	0	3,370,474
BLDGS & BLDG IMPROVEMENTS	100,124,163	100,124,163	0	0	100,098,374
EQUIPMENT	48,296,262	47,983,561	312,702	1	46,216,122
CONSTRUCTION IN PROGRESS	7,161,891	6,711,255	450,636	7	4,324,809
<b>GROSS PROPERTY, PLANT, AND EQUIPMENT</b>	<b>158,952,791</b>	<b>158,189,454</b>	<b>763,338</b>	<b>1</b>	<b>154,009,779</b>
ACCUMULATED DEPRECIATION	(100,872,712)	(100,504,323)	(368,389)	0	(98,393,920)
<b>NET PROPERTY, PLANT, AND EQUIPMENT</b>	<b>58,080,079</b>	<b>57,685,131</b>	<b>394,948</b>	<b>1</b>	<b>55,615,859</b>
<b>OTHER ASSETS</b>					
UNAMORTIZED LOAN COSTS	287,023	292,765	(5,742)	(2)	327,215
PENSION DEFERRED OUTFLOWS NET	5,277,892	5,277,892	0	0	5,277,892
<b>TOTAL OTHER ASSETS</b>	<b>5,564,915</b>	<b>5,570,657</b>	<b>(5,742)</b>	<b>0</b>	<b>5,605,107</b>
<b>TOTAL UNRESTRICTED ASSETS</b>	<b>149,253,530</b>	<b>151,082,153</b>	<b>(1,828,624)</b>	<b>(1)</b>	<b>144,998,904</b>
<b>RESTRICTED ASSETS</b>	<b>128,806</b>	<b>128,348</b>	<b>459</b>	<b>0</b>	<b>127,208</b>
<b>TOTAL ASSETS</b>	<b>149,382,336</b>	<b>151,210,501</b>	<b>(1,828,165)</b>	<b>(1)</b>	<b>145,126,112</b>

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HAZEL HAWKINS MEMORIAL HOSPITAL  
HOLLISTER, CA  
For the month ended 01/31/26

	CURR MONTH 01/31/26	PRIOR MONTH 12/31/25	POS/NEG VARIANCE	PERCENTAGE VARIANCE	PRIOR YR 06/30/25
CURRENT LIABILITIES					
ACCOUNTS PAYABLE	7,149,888	6,841,683	(308,205)	5	6,221,841
ACCRUED PAYROLL	2,096,397	4,141,119	2,044,722	(49)	3,467,229
ACCRUED PAYROLL TAXES	122,703	271,933	149,229	(55)	257,552
ACCRUED BENEFITS	4,348,789	4,624,372	275,584	(6)	5,074,320
OTHER ACCRUED EXPENSES	38,082	37,741	(341)	1	80,907
PATIENT REFUNDS PAYABLE	4,790	4,388	(402)	9	1,310
DUE TO\FROM THIRD PARTIES	3,505,599	4,339,018	833,419	(19)	5,056,186
OTHER CURRENT LIABILITIES	880,287	895,131	14,844	(2)	777,080
TOTAL CURRENT LIABILITIES	18,146,534	21,155,385	3,008,850	(14)	20,936,425
LONG-TERM DEBT					
LEASES PAYABLE	4,750,616	4,757,602	6,986	0	4,799,273
BONDS PAYABLE	28,335,241	28,363,761	28,520	0	28,534,881
TOTAL LONG TERM DEBT	33,085,856	33,121,362	35,506	0	33,334,154
OTHER LONG-TERM LIABILITIES					
DEFERRED REVENUE	0	0	0	0	0
LONG-TERM PENSION LIABILITY	24,488,121	24,688,121	200,000	(1)	25,888,121
TOTAL OTHER LONG-TERM LIABILITIES	24,488,121	24,688,121	200,000	(1)	25,888,121
TOTAL LIABILITIES	75,720,512	78,964,868	3,244,356	(4)	80,158,700
NET ASSETS:					
UNRESTRICTED FUND BALANCE	64,915,019	64,915,019	0	0	64,817,839
RESTRICTED FUND BALANCE	101,285	100,826	(459)	1	149,573
NET REVENUE/(EXPENSES)	8,645,520	7,229,788	(1,415,733)	20	0
TOTAL NET ASSETS	73,661,824	72,245,633	(1,416,191)	2	64,967,412
TOTAL LIABILITIES AND NET ASSETS	149,382,336	151,210,501	1,828,165	(1)	145,126,112



San Benito Health Care District  
Hazel Hawkins Memorial Hospital  
JANUARY 2026

Description	MTD Budget	MTD Actual	YTD Actual	YTD Budget	FYE Budget
Average Daily Census - Acute	14.79	13.61	13.96	14.50	15.00
Average Daily Census - SNF	90.00	89.71	88.01	90.00	90.00
Acute Length of Stay	2.81	3.17	2.85	2.80	2.80
<b>ER Visits:</b>					
Inpatient	132	105	825	977	1,638
Outpatient	2,460	2,315	15,375	15,542	27,053
Total	2,592	2,420	16,200	16,519	28,691
Days in Accounts Receivable	50.0	53.0	53.0	50.0	50.0
Productive Full-Time Equivalents	575.17	534.25	539.77	575.17	575.17
Net Patient Revenue	13,104,077	14,218,531	89,221,759	92,751,961	157,730,532
Payment-to-Charge Ratio	31.9%	32.7%	31.0%	32.9%	32.4%
Medicare Traditional Payor Mix	28.29%	31.36%	30.07%	29.15%	28.71%
Commercial Payor Mix	23.80%	22.65%	22.90%	22.83%	23.36%
Bad Debt % of Gross Revenue	2.50%	0.77%	1.75%	2.50%	2.53%
EBIDA	725,731	1,678,475	10,443,770	7,998,873	13,769,729
EBIDA %	5.10%	10.39%	10.06%	7.92%	7.98%
Operating Margin	0.87%	5.90%	5.54%	3.75%	3.79%
Salaries, Wages, Registry & Benefits %:					
by Net Operating Revenue	61.37%	57.03%	57.18%	59.08%	59.06%
by Total Operating Expense	61.91%	60.60%	60.53%	61.38%	61.39%
<b>Bond Covenants:</b>					
Debt Service Ratio - 1.25	4.65	10.72	9.57	8.55	7.36
Current Ratio - 1.50	2.00	4.29	4.29	2.00	2.00
Days Cash on hand - 30.00	87.59	95.38	95.38	87.59	110.00
Met or Exceeded Target					
Within 10% of Target					
Not Within 10%					

**Statement of Cash Flows**  
**Hazel Hawkins Memorial Hospital**  
**Hollister, CA**  
**Seven month ending January 31, 2026**

	CASH FLOW		COMMENTS
	Current Month 1/31/2026	Current Year-To-Date 1/31/2026	
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net Income (Loss)	\$1,415,733	\$8,742,700	
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Depreciation	368,389	2,478,791	
(Increase)/Decrease in Net Patient Accounts Receivable	(93,727)	(2,198,828)	
(Increase)/Decrease in Other Receivables	3,176,384	(1,268,803)	
(Increase)/Decrease in Inventories	(5,330)	(56,431)	
(Increase)/Decrease in Pre-Paid Expenses	(224,761)	(373,409)	
(Increase)/Decrease in Due From Third Parties	0	0	
Increase/(Decrease) in Accounts Payable	308,205	928,508	
Increase/(Decrease) in Notes and Loans Payable	0	0	
Increase/(Decrease) in Accrued Payroll and Benefits	(2,469,535)	(2,133,755)	
Increase/(Decrease) in Accrued Expenses	341	(42,824)	
Increase/(Decrease) in Patient Refunds Payable	402	3,480	
Increase/(Decrease) in Third Party Advances/Liabilities	(833,417)	(1,550,590)	
Increase/(Decrease) in Other Current Liabilities	(14,844)	5,754	
<b>Net Cash Provided by Operating Activities:</b>	<b>212,107</b>	<b>(4,208,107)</b>	Semi-Annual Int. - 2005 GO & 2021 Revenue Bonds
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchase of Property, Plant and Equipment	(763,338)	(4,943,013)	
(Increase)/Decrease in Limited Use Cash and Investments	0	0	
(Increase)/Decrease in Other Limited Use Assets	(117,860)	(2,065,330)	Bond Principal & Int Payment - 2014 (2005) & 2021 Bonds
(Increase)/Decrease in Other Assets	5,742	40,194	Amortization
<b>Net Cash Used by Investing Activities</b>	<b>(875,456)</b>	<b>(6,968,149)</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Increase/(Decrease) in Capital Lease Debt	(6,986)	(48,657)	
Increase/(Decrease) in Bond Mortgage Debt	(28,520)	(199,640)	2014 GO Principal & Refinancing of 2013 Bonds with 2021 Bonds
Increase/(Decrease) in Other Long Term Liabilities	(200,000)	(1,400,000)	Long Term Pension Liability
<b>Net Cash Used for Financing Activities</b>	<b>(235,506)</b>	<b>(1,648,297)</b>	
<b>(INCREASE)/DECREASE IN RESTRICTED ASSETS</b>	<b>0</b>	<b>(49,886)</b>	
<b>Net Increase/(Decrease) in Cash</b>	<b>516,878</b>	<b>(4,151,739)</b>	
Cash, Beginning of Period	42,001,600	46,670,217	
<b>Cash, End of Period</b>	<b>\$42,518,478</b>	<b>\$42,518,478</b>	\$0

Cost per day to run the District	\$445,769	\$38,992,045	Budgeted Cash on Hand
Operational Days Cash on Hand	95.38	\$3,526,433	Variance

Hazel Hawkins Memorial Hospital  
 Supplemental Payment Programs  
 YTD as of January 31, 2026  
 FYE June 30, 2026

	Payor	Actual FY 2026	Actual FY 2025	Notes:
<b>Intergovernmental Transfer Programs:</b>				
- AB 113 Non-Designated Public Hospital (NDPH) SFY 2023/2024 Final Payment SFY 2024/2025	DHCS	202,500	39,795	Requires District to fund program and wait for matching return. IGT due April 2026. Expect payment by June 2025.
SFY 2024/2025 Interim SFY 2025/2026	DHCS	202,500	305,302	IGT due April 2026. Expect payment by June 2025.
- SB 239 Hospital Quality Assurance Fund (HQAF) CY 2025	CCAH	2,160,000	2,407,056	Paid IGT of \$1,067,193 in April. Rec. in May.
- Rate Range Jan. 1, 2023 through Dec. 31, 2023	Anthem	-	1,339,141	Received in February 2025.
- Rate Range Jan. 1, 2024 through Dec. 31, 2024	CCAH	2,911,769	-	Received on January 13, 2026. Higher than prior year in place of AB 915.
- QIP PY 6 Settlement CY 2023	DHCS	-	4,311,260	Sent IGT of \$2,342,379 in March. Rec. in May.
- QIP PY 7 Settlement "Interim" Payment for CY 2024	CCAH	2,249,573	-	Funded IGT on Aug. 22nd, \$900,434.15. Rec'd in Oct. 2025.
- QIP PY 7 Settlement "Final" Payment for CY 2024	CCAH	2,249,573	-	Funded IGT due Feb/Mar 2026. Rec. funding Apr/May 2026.
- District Hospital Directed Payments (DHDP) CY 2024	DHCS	643,091	710,853	Funded IGT on Aug. 22nd, \$379,041.08. Expect payment in Oct/Nov '25.
- QIP PY 5 Loan Repayment	District	-	(3,090,086)	Paid on December 9, 2024.
<b>IGT sub-total</b>		<b>10,619,006</b>	<b>6,023,320</b>	
<b>Non-Intergovernmental Transfer Programs:</b>				
- AB 915 SY 2024-25	DHCS	-	1,802,585	Direct Payments. Received on March 17, 2025. Based on FFS. County now under CCAH.
- SB 239 Hospital Quality Assurance Fund (HQAF)	DHCS	-	1,069,577	Rec. Sep. 4, 2024.
- SB 239 Hospital Quality Assurance Fund (HQAF) VIII	DHCS	-	1,081,621	Expected to Rec. 4th qtr payment by June 30, 2025.
- SB 239 Hospital Quality Assurance Fund (HQAF) VIII	DHCS	-	3,244,863	Rec'd 1st, 2nd, & 3rd Qtr payments YTD.
- SB 239 Hospital Quality Assurance Fund (HQAF) IX	DHCS	3,570,006	-	Qtrly Pmts expected March, May, July, & October 2026. Based on actual cost difference.
- Distinct Part, Nursing Facility (DP/NF)	-	-	-	H.R. 1 reduction of 60% delayed until FY 2028.
- Medi-Cal Disproportionate Share (DSH)	DHCS	1,015,605	1,260,151	
<b>Non-IGT sub-total</b>		<b>4,585,611</b>	<b>8,458,797</b>	
<b>Program Grand Totals</b>		<b>15,204,617</b>	<b>14,482,117</b>	
Total Received		6,820,038	17,572,203	
Total Pending		8,384,579	-	
Total Paid		-	(3,090,086)	
Net Supplemental Payments		15,204,617	14,482,117	



# Rural Health Transformation Program

Overview of California's Rural Health Transformation (CalRHT) Proposal for  
District Hospital Leadership Forum

*Hovik Khosrovian, Senior Advisor Workforce*

*Lemeneh Tefera MD MSc, Chief Medical Officer, Deputy Director for Clinical Innovation*

*Peggy Broussard Wheeler, Senior Policy Advisor-Stakeholder Relations*

*February 12<sup>th</sup>, 2026*

# Our Mission



**HCAI expands equitable access to quality, affordable health care for all Californians through resilient facilities, actionable information, and the health workforce each community needs.**

# HCAI Program Areas

**Facilities:** Monitor the construction, renovation, and seismic safety of California's hospitals and skilled nursing facilities.

**Financing:** Provide loan insurance, seismic grants and capital for nonprofit healthcare facilities to develop or expand services.

 **Workforce:** Promote a culturally competent and linguistically diverse health workforce.

 **Data:** Collect, manage, analyze and report information about California's healthcare landscape.

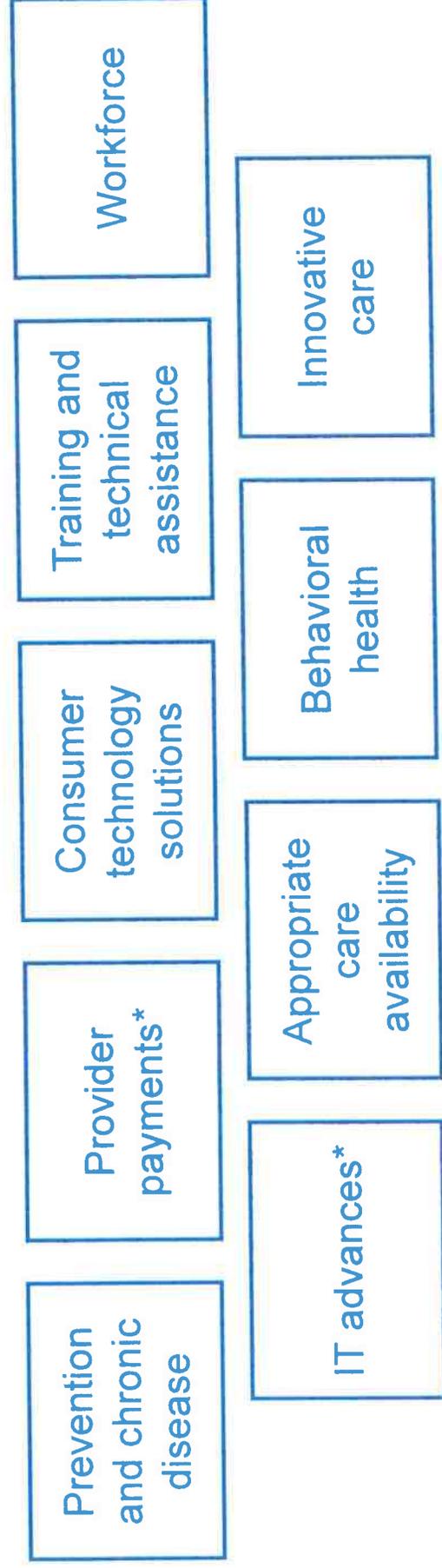
 **Affordability:** Improve health care affordability through data analysis, spending targets, and measures to advance value. Enforce hospital billing protections, and provide generic drugs at a low, transparent price.

## **Overview**

- California's Rural Health Transformation (CaIRHT)
- Program funding
- Stakeholder engagement
- CaIRHT grant proposal

# Permissible use of funds

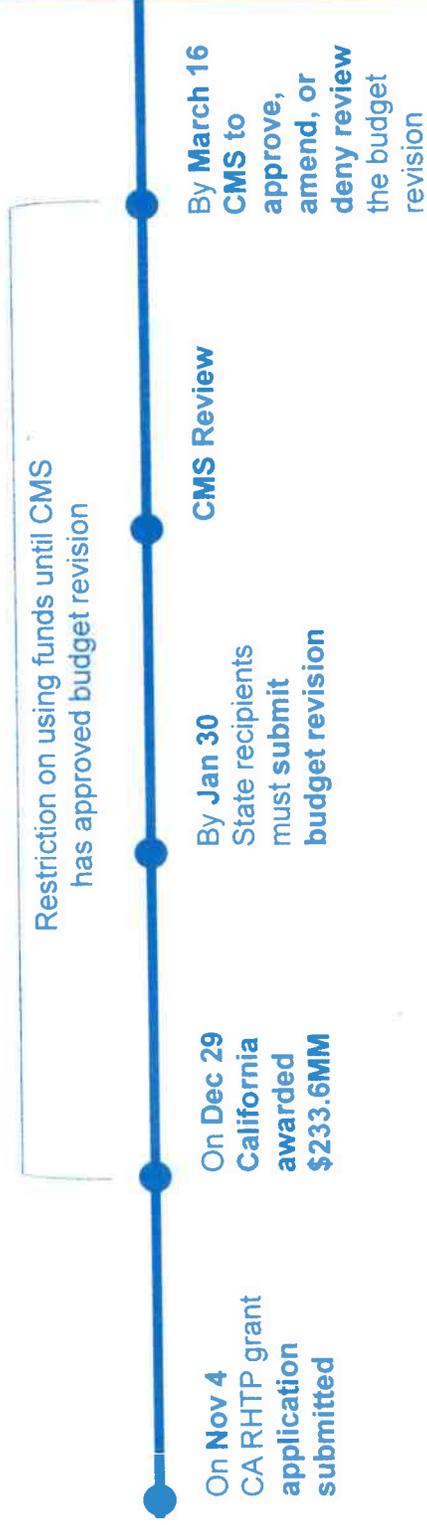
Funds must be used for at least three of the CMS-designated categories:



\*restrictions apply

# CMS RHTP Award for California

- California was awarded the 3<sup>rd</sup> highest award in the nation
- **\$233,639,308** for Budget Period 1 (2026) of the RHTP



**Near Term Timeline**  
2025 - 2027

**Budget Period 1**  
Dec 29, 2025 – Oct 30, 2026

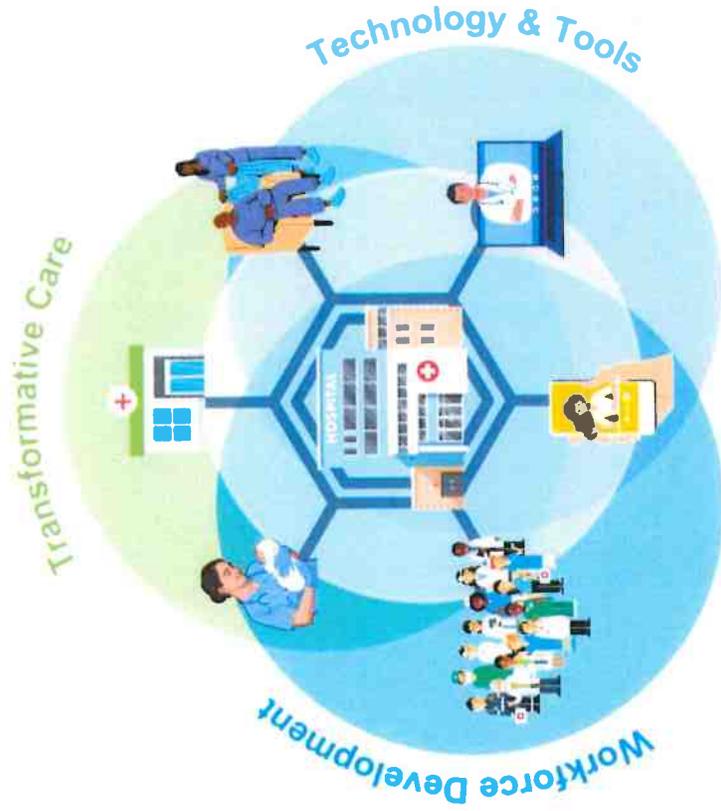
**Spending Period 1**  
Dec 29, 2025 – Oct 30, 2027

**Annual Reporting Period**  
Dec 29, 2025 – Jul 31, 2026

**Continuation Application Due**  
Aug 30, 2026

**Budget Period 2**  
Oct 31, 2026 – Sep 30, 2027

# CaIRHT Proposal



The California Rural Health Transformation (CaIRHT) program vision is a **connected, resilient rural health system** in which every rural and frontier Californian can access timely, person-centered primary, maternity, specialty, chronic disease management, and behavioral health care close to home, **supported by a sustainable workforce, modern technology and data infrastructure.**

CaIRHT will develop rural regional care coordination collaboratives, networks, and partnerships; apply evidence-based care; deploy tools that work in low resource settings; and align sustainable payment to fund local readiness and health care services.

# Initiative: Transformative Care Model



## Establish regional hub-and-spoke networks

To create rural primary and maternity regional care collaboratives, networks, and partnerships that elevate rural health care by connecting regional hospital hubs with local clinics and other providers to improve both quality and care coordination

## Leverage technology

That will expand telehealth primary, maternity, specialty access; e-Consults; remote patient self-monitoring; workforce extension; and implementing evidence-based models<sup>1</sup>

## Expand and support rural workforce capacity

To reduce rural bypass by offering obstetrics training fellowships, supporting development of CHWs, LVNs, doulas, midwives, and other allied health professions.

## Transformation payments

To financially distressed rural hospitals that have the potential to meaningfully engage in feasible TCM components.

<sup>1</sup> Evidence based models include, but are not limited to: Extension for Community Healthcare Outcomes (Project ECHO), OB Nest, California Child and Adolescent Mental Health Access Portal (CAL-Map), and Perinatal Psychiatry Access Program (PPAP)

# Initiative: Transformative Care Model



## Option 1

District Hospital will respond to the Request for Application (RFA) and submit a novel program initiative that enhances rural care and extends their services to local clinics and other providers. The program will expand telehealth primary, maternity, specialty access; e-Consults; remote patient self-monitoring; workforce extension; and implementing evidence-based models<sup>1</sup>

## Option 2

District Hospital in a HRSA defined tract will apply for RFA funding to improve electronic health records, optimizing interoperability, and improving revenue cycle management.

## Option 3

District Hospital will join a regional collaborative network engaged in multiple TCM activities.

## Option 4

CalRHT will fund Transformative Payments to financially distressed rural hospitals that have the potential to meaningfully engage in feasible TCM components.

## Option 5

District Hospital will apply for RFA funding for retention and relocation grants.

<sup>1</sup> Evidence based models include, but are not limited to: Extension for Community Healthcare Outcomes (Project ECHO), OB Nest, California Child and Adolescent Mental Health Access Portal (CAL-Map), and Perinatal Psychiatry Access Program (PPAP)

# Initiative: Workforce Development



## **Establish a rural workforce mapping and planning tool**

*To identify demand trends and pinpoint county-level capacity gaps across clinicians and team-based care support roles.*

## **Strengthen training pathways and clinical placement networks**

*To create a sustainable pipeline of rural students pursuing careers in health professions and build pathways for them to train, stay, and practice in rural communities.*

## **Recruitment and Retention**

*To keep talent in rural communities and make recruitment practical when needed through incentives and wrap around supports that strengthen stability and fit.*

# Initiative: Technology & Tools

## Infrastructure enhancement

*to assess and support rural health entities meet baseline technology to participate effectively in regional care networks.*



## Grant funding

*To support providers in a variety of needs including modernizing electronic health records, practice management, screening tools, population health systems, telehealth and e-consult platforms, optimizing interoperability, and improving revenue cycle management.*

## Expand regional collaboration

*By leveraging the Rural Technical Assistance Center to coordinate efforts to reduce technology costs and staffing burden for rural providers and create opportunities for group purchasing and shared management of tech services.*

## Technical assistance

*Through a Rural Technical Assistance Center that provides expert advice and hands-on support to TCM participants and other grantees.*

## Technology & tools to empower consumers

*By promoting development of accessible digital tools and technologies and educating consumers on self-monitoring and reporting.*

## Cal RHT Rural Health Policy Council (RHPC)

The RHPC will be established as a statewide advisory body to HCAI. Meeting quarterly, the Council will **review CalRHT program progress, ensure policy alignment, and guide financing reform efforts**. The RHPC will act as a convener and facilitator, **fostering collaboration among state and local partners**, promoting open dialogue, and supporting successful implementation.

### RHPC Participants

#### HCAI

- Sibling Departments
- Rural Hospitals
- Rural Clinics
- Tribal Leaders
- Provider Offices
- Health Plans

Community-Based Organizations  
and other community stakeholders

# What's next for CaIRHT?

- Complete discussions with CMS to gain approval on the use of funds
- Program design and standing up grants administration
- Convene the Rural Health Policy Council



## CaIRHT Program Key Dates

- FAQs published online- February 2026
- Spring webinar – TBD
- Request for Application release date- TBD
- First grantee announcements – TBD
- Summer webinar – TBD
- Fall webinar – TBD

# Questions ?

Please email  
[CaIRHT@hcai.ca.gov](mailto:CaIRHT@hcai.ca.gov)

## COMMERCIAL LEASE

THIS COMMERCIAL LEASE (“**Lease**”) is made effective as of March 1, 2026 (“**Effective Date**”) by and between CEGLIA PROPERTIES, LLC (“**Lessor**”), and SAN BENITO HEALTH CARE DISTRICT, a local health care district organized and operated pursuant to Division 23 of the California Health and Safety Code (“**Lessee**”), upon the following facts and circumstances. Lessor and Lessee may be collectively referred to as the “**parties**” or each may be referred to individually as a “**party**.”

### RECITALS

A. Lessor is the owner of those certain parcels of real property consisting of approximately 0.643 acres, located at 101 McCray Street, #E-7 and #E-8, in the City of Hollister, County of Monterey, State of California, designated as Assessor’s Parcel Numbers 054-340-021 and 054-340-022, as more particularly described in Exhibit A attached hereto, incorporated by reference (“**Property**”). The Property is improved with a strip mall building consisting of multiple suites (“**Building**”).

B. Subject to the terms and conditions set forth herein, Lessee desires to lease from Lessor, and Lessor desires to lease to Lessee, a portion of the Building commonly known as Suite 108 consisting of approximately Three Thousand Five Hundred Ninety Six square feet (3,596 sq. ft. +/-) of medical office space (“**Premises**”). The Premises are illustrated on the diagram attached hereto as Exhibit B, incorporated by reference.

### AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants, agreements, representations and warranties contained in this Lease, the parties agree as follows:

1. PREMISES. Subject to the terms, covenants and conditions set forth in this Lease, Lessor hereby leases to Lessee and Lessee leases from Lessor the Premises subject to all recorded covenants, conditions and restrictions, utility easements, other recorded private easements, reciprocal easement agreements and any other recorded instruments affecting the use of the Premises or Property as they may exist as of the date of this Lease.

2. CONDITION OF PREMISES. Lessee acknowledges that Lessee has occupied the Premises for six (6) years under terms and provisions of an earlier lease, is fully familiar with the condition of and has fully inspected the Premises. Lessee is satisfied with its physical condition and accepts the Premises in its AS-IS condition. Except as expressly provided herein, Lessor makes no representation or warranty with respect to the condition of the Premises or its fitness or availability for any particular use or purpose.

3. TERM. The term of this Lease shall be five (5) years (“**Term**”), commencing on March 1, 2026 (“**Commencement Date**”) at 12:01 AM and terminating on February 28, 2031 at 11:59 PM. Notwithstanding anything else herein, Lessee shall have the unilateral right to immediately terminate this Lease by written notice to Lessor upon the expiration or earlier termination of that certain Professional Services Agreement of even date herewith by and between

Lessee and Focus Physical Therapy and Gym Management Services, Inc., a California professional physical therapy corporation.

4. POSSESSION. Lessee is currently in possession of the Premises.

5. RENT.

5.1 Base Rent. Lessee shall pay in advance to Lessor a monthly base rent (“**Base Rent**”) of Ten Thousand Five Hundred Fifty-Five and 83/100 Dollars (\$10,555.83). Base Rent shall be increased by two percent (2%) on each anniversary of the Commencement Date during the Term. Base Rent is payable and due on the first day of each month during the Term, without notice, demand, counterclaim, setoff, deduction or defense. Base Rent shall be prorated for any partial calendar month during the Term.

5.2 Additional Rent. In addition to the Base Rent, Lessee also agrees to pay to Lessor as additional rent (“**Additional Rent**”), all other amounts and obligations Lessee assumes or agrees to pay under this Lease; provided that, if under the terms and conditions set forth in this Lease, Lessee is to satisfy such obligation to someone other than Lessor, Lessor shall have no claim to said amount as Additional Rent unless a claim is made against Lessor for such amount or if Lessor has satisfied such obligation in order to protect its rights and has demanded reimbursement from Lessee.

5.3 Rent Payments. Base Rent and Additional Rent shall collectively be referred to herein as “**Rent**.” All Rent payable to Lessor in accordance with this Lease shall be paid to Lessor at the address set forth in Section 20.7 or such other address as the Lessor shall instruct the Lessee in writing. All Rent and any other amounts due under this Lease shall be payable in lawful currency of the United States of America.

5.4 Late Payment Obligations. Lessee acknowledges that the late payment by Lessee of any monthly installment of Base Rent or Additional Rent will cause Lessor to incur additional costs and expenses, the exact amounts of which are extremely difficult or impractical to fix at the time. Therefore, if any Rent is not received by Lessor from Lessee within ten (10) days after the same becomes due, Lessee shall immediately pay to Lessor a late charge equal to five percent (5%) of such delinquent rent.

6. USE.

6.1 Permitted Uses. Subject to the terms, covenants and conditions of this Lease, Lessee shall use the Premises as a medical office and related healthcare purposes (“**Permitted Uses**”). Lessee’s use of the Premises shall be subject to all Laws pertaining to the use and occupancy of the Property. “**Law**” or “**Laws**” as used in this Lease shall include any judicial decision, statute, constitution, ordinance, resolution, regulation, rule, administrative order, or other requirement of any municipal, county, state, federal or other governmental agency or authority having jurisdiction over the parties hereof, in effect either at the Effective Date hereof or at any time during the Term.

6.2 Nuisance; Waste. All noise or odors generated by Lessee’s use of the Premises shall be contained or muffled as much as possible so as not to create a public or private

nuisance or to interfere with the quiet enjoyment of any other tenant of the Property or persons residing on neighboring properties. Lessee shall keep the Premises in a neat, clean, attractive and orderly condition, free of any objectionable noises, odors, dust, debris, weeds, rodents or nuisances which may disturb adjacent property. Lessee shall not use the Premises in any manner that will constitute waste or cause damage to the Property.

7. PARKING. The Property shares a parking lot with other occupants of the Building. Lessee shall have shared access and use of the parking lot subject to the rules applicable to the shared parking lot.

8. UTILITIES. Lessee shall provide for the Premises, at its sole expense, sewer, water, and garbage services. Lessee shall also provide, at its sole expense all other costs of occupying and operating the Premises, including but not limited to, electricity, telephone, cable, janitorial, and window cleaning.

9. ALTERATIONS OR IMPROVEMENTS; LIENS.

9.1 Permitted Alterations and Improvements. Lessee shall make no alterations to the Building or the Premises or construct any structure or make any other improvements on or to the Premises without the prior written consent and approval of Lessor which may be withheld at Lessor's reasonable discretion. Any and all alterations, changes, and/or improvements built, constructed or placed on the Premises or made to the Building by Lessee shall, unless otherwise provided by written agreement between Lessor and Lessee, be and become the property of Lessor and remain on the Premises at the expiration or sooner termination of this Lease.

9.2 Liens. Lessee shall keep the Property free from any liens and shall pay when due all bills arising out of any work performed, materials furnished or obligations incurred by Lessee, its agents, employees or contractors. If any claim of lien is recorded against the Property as a result of or arising from Lessee or Lessee's agent or employee's actions, Lessee shall bond against or discharge the same within twenty (20) days after the same has been recorded against the Property. Should any lien be filed against the Property or any action commenced affecting title thereto, the party receiving notice of such lien or action shall immediately give the other party written notice thereof.

10. TRADE FIXTURES. Throughout the Term, Lessee shall, at its sole expense, provide, install and maintain in good condition all trade fixtures required in the conduct of its business on the Premises. Lessee shall own and may remove the trade fixtures upon expiration or sooner termination of this Lease provided such removal is done without materially damaging the Premises. Any trade fixtures not removed at the expiration or sooner termination of this Lease shall, at Lessor's election, either become Lessor's property or be removed from the Premises at Lessee's sole expense.

11. TAXES.

11.1 Real Property Taxes. Lessor shall pay all real property taxes and special assessments on the Property.

11.2 Personal Property Taxes. Lessee shall pay before delinquency any and all taxes, assessments, license fees and any other charges levied, assessed or imposed upon Lessee's personal property or Lessee's business property.

12. INSURANCE.

12.1 Lessee's Insurance. Lessee shall procure, pay for and keep in full force and effect during the Term the following policies of insurance:

(a) Commercial general liability insurance with limits of not less than One Million Dollars (\$1,000,000.00) per occurrence and Two Million Dollars (\$2,000,000.00) general aggregate limit insuring against all liability of Lessee and its authorized representatives arising out of and in connection with Lessee's use or occupancy of the Premises. Lessee's general liability insurance shall insure performance by Lessee of the indemnity provisions of this Lease;

(b) A policy or policies of fire and property damage insurance with standard extended coverage endorsement on all of Lessee's fixtures, equipment, leasehold improvements, merchandise and personal property situated in or on, or about the Premises ("Lessee's Property"), with limits of not less than the full replacement value of Lessee's Property. So long as this Lease is in effect, the proceeds from any such fire insurance policy shall be used for the repair or replacement of the fixtures, equipment or other personal property so insured; and

(c) Workers' compensation coverage and any other employee benefit insurance or equivalent for Lessee's employees sufficient to comply with all Laws.

12.2 Lessor's Insurance. Lessor shall procure, pay for and keep in full force and effect during the Term the following policies of insurance:

(a) Commercial property insurance written on a special form or "all-risk" basis covering Lessor's portion of the Building and other improvements of which the Premises form a part (excluding Lessee's furniture, equipment, trade fixtures and other personal property), in an amount not less than the full replacement cost thereof, together with ordinance or law, demolition, and increased cost of construction coverage to the extent required by Lessor's lender or reasonably carried by prudent institutional owners of comparable properties in San Benito County. Such property insurance shall insure against risk of direct physical loss or damage, including fire and other customary perils, subject only to such deductibles and exclusions as are commercially reasonable.

12.3 Protection of Policy. Lessee shall not use or permit any person or entity to use the Premises in any manner that is likely to cause a cancellation of any insurance policy covering the Premises. Lessee shall comply with all requirements of any insurance company, insurance underwriter, or Board of Fire Underwriters which are necessary to maintain the insurance coverage carried by either Lessor or Lessee pursuant to this Lease.

13. REPAIRS; MAINTENANCE.

13.1 Lessor's Responsibilities. Except as otherwise provided herein, Lessor agrees to maintain in good condition and repair the Premises at its sole cost and expense, except for:

(i) reasonable wear and tear; and (ii) repairs, maintenance and replacements which are required as a result of Lessee's (or Lessee's employees, agents, customers, invitees, licensees or other visitors) negligent or willful misuse of or damage to the Premises; each of which shall be repaired, maintained or replaced at the sole cost and expense of Lessee. Lessee agrees to immediately give Lessor written notice of any defect or need for repair, after which Lessor shall have a reasonable opportunity to repair the same or cure the problem.

13.2 Lessee's Responsibilities. Lessee shall (i) maintain the Premises in approximately the same or better condition as existed on the Effective Date, reasonable wear and tear excepted; (ii) pay at its own expense, all repairs, maintenance, and alterations of Lessee-installed fixtures or improvements; and (iii) immediately notify Lessor of any condition on the Premises requiring repair, maintenance, or replacement.

#### 14. LIMITS ON LIABILITY; INDEMNIFICATION.

14.1 Limitation on Lessor's Liability and Actions. Lessor shall not be liable to Lessee, nor shall Lessee be entitled to terminate this Lease under any circumstances, except as expressly stated in this Lease. Further, Lessee shall not be entitled to any abatement of rent for any injury to Lessee, its agents, employees, contractors or invitees, for any damage to Lessee's property or for any loss to Lessee's business resulting from any cause, including without limitation (i) any failure, interruption of any utility system or service, labor disturbances of any character or other incidents or conditions beyond the reasonable control of Lessor or by the making of repairs or improvements to the Premises or Property; (ii) any limitation, curtailment, rationing or restriction on use of water, gas, diesel, propane or electricity or on any other form of energy or any other service or utility serving the Premises or provided by Lessee's business; or (iii) any fire, flood, or other natural disaster. In no event shall Lessor be liable to Lessee for special, consequential, punitive or exemplary damages.

14.2 Indemnification. Each party hereto (the "**Indemnifying Party**") shall indemnify and hold harmless the other party and such party's employees, directors, officers, subcontractors, agents and affiliates from and against all claims, actions, damages, losses, liabilities, fines, penalties, costs or expenses (including, without limitation, reasonable attorneys' fees) ("**Losses**") suffered by such party arising from or in connection with (i) the Indemnifying Party's negligence or willful misconduct, and (ii) any breach by the Indemnifying Party of this Lease, in each case to the extent caused by the Indemnifying Party or its contractors, invitees, licensees, or agents. The foregoing obligations shall apply to third-party claims and, as between the parties, to claims asserted by the Indemnified Party(ies) to the extent resulting from the matters described in the preceding sentence; provided, however, that no party shall be required to indemnify the other to the extent any Losses result from the negligence or willful misconduct of the party seeking indemnification or its contractors, invitees, licensees, or agents. The indemnification obligations set forth herein shall not apply to claims to the extent covered by property or general liability insurance carried by either party under this Lease, and each party hereby waives and releases claims against the other to the extent of insurance proceeds actually received (or that would have been received had the required insurance been maintained) and agrees to obtain from its insurers waivers of subrogation consistent with this Lease.

14.3 Survival. The provisions of this Section 14 shall survive the expiration or sooner termination of this Lease with respect to any claim or liability occurring prior to such expiration or sooner termination.

15. ASSIGNMENT AND SUBLETTING.

15.1 By Lessee. Except as otherwise provided herein, Lessee shall not assign, sublet, sell or otherwise transfer (“**Transfer**”) this Lease (by operation of law or otherwise) without the prior written consent and approval of Lessor which shall not be unreasonably withheld.

15.2 By Lessor. Lessor shall have the right to Transfer its interest in the Premises at any time and to any person or entity, provided that Lessor shall promptly notify Lessee in writing of such Transfer. For a period of ninety (90) days following receipt of notice of such Transfer, Lessee shall have the option to terminate this Lease without further obligation.

16. LESSEE DEFAULT.

16.1 Events of Default. Lessee shall be in default of its obligations under this Lease if any of the following events occurs: (i) Lessee shall have failed to pay Rent within fifteen (15) days after such payment is due; (ii) Lessee shall have failed to perform any term, covenant or condition of this Lease except those requiring the payment of Rent, and Lessee shall have failed to cure such breach within thirty (30) days after written notice from Lessor specifying the nature of such breach; or (iii) Lessee shall have abandoned the Premises.

16.2 Lessor’s Remedies. In the event of a default by Lessee, Lessor shall have the right to (i) immediately terminate this Lease upon written notice to Lessee and enter and take possession of the Premises; and/or (ii) pursue all remedies at law and/or in equity. Notwithstanding, nothing in this Section 16 shall waive any Lessee rights pursuant to California Code of Civil Procedure sections 1174 and 1179 and California Civil Code section 3275.

17. LESSOR DEFAULT.

17.1 Events of Default. Lessor shall be in default of its obligations under this Lease if Lessor shall have failed to perform any term, covenant or condition of this Lease and Lessor shall have failed to cure such breach within thirty (30) days after written notice from Lessee specifying the nature of such breach; provided, however, that if such failure cannot reasonably be cured within such thirty (30) day period, Lessor shall not be deemed in default so long as Lessor commences to cure such failure within such period and thereafter diligently and continuously prosecutes such cure to completion.

17.2 Lessee’s Remedies. In the event of a default by Lessor, Lessee shall have the right to (i) immediately terminate this Lease upon written notice to Lessor and abandon the Premises; and/or (ii) pursue all remedies at law and/or in equity, including California Civil Code section 1942.

18. CERTIFIED ACCESS SPECIALIST INSPECTION. Neither the Premises nor the Property has undergone an inspection by a Certified Access Specialist (“**CASp**”). Pursuant to California Civil Code section 1938, Lessor hereby advises Lessee as follows: *A Certified Access*

*Specialist (CASp) can inspect the subject premises and determine whether the subject premises comply with all of the applicable construction-related accessibility standards under state law. Although state law does not require a CASp inspection of the subject premises, the commercial property owner or lessor may not prohibit the lessee or tenant from obtaining a CASp inspection of the subject premises for the occupancy or potential occupancy of the lessee or tenant, if requested by the lessee or tenant. The parties shall mutually agree on the arrangements for the time and manner of the CASp inspection, the payment of the fee for the CASp inspection, and the cost of making any repairs necessary to correct violations of construction-related accessibility standards within the premises.*

19. ESTOPPEL CERTIFICATE. Lessee shall, within ten (10) business days after receipt of written notice from Lessor, execute, acknowledge and deliver to Lessor or to any party designated by Lessor, a certificate of Lessee stating: (a) that Lessee has accepted and is in possession the Premises, (b) the Term of this Lease, (c) that this Lease is unmodified and in full force and effect (or, if there have been modifications, that same is in full force and effect as modified and stating the modifications), (d) whether or not there are then existing any defenses against the enforcement of any of the obligations of Lessee under this Lease (and, if so, specifying same), (e) whether or not there are then existing any defaults by Lessor in the performance of its obligations under this Lease (and, if so, specifying same), (f) the dates through which the Rent have been paid, and (g) any other factual information relating to the rights and obligations under this Lease that may reasonably be required by any of such persons.

20. MISCELLEANOUS.

20.1 Recitals. The preamble and recitals are hereby incorporated into this Lease as if set forth herein in full.

20.2 Holding Over. This Lease shall terminate without further notice at the expiration or sooner termination of the Term. Any holding over by Lessee after expiration or sooner termination of the Term shall not constitute a renewal or extension of this Lease or give Lessee any rights in or to the Premises except as expressly provided in this Lease. Any holding over after such expiration or sooner termination shall be construed to be a tenancy from month-to-month on the same terms and conditions herein specified insofar as applicable except that monthly Base Rent shall be increased to an amount equal to one hundred five percent (105%) of the Base Rent due the last month of the Term.

20.3 Number; Gender; Headings. Whenever appropriate in this Lease, terms in the singular form shall include the plural (and vice versa) and any gender form shall include all others. Section headings in this Lease are for the convenience of the parties only and do not form a part of this Lease, nor should such headings be used to interpret any provision of this Lease.

20.4 Binding Effect. This Lease shall be binding upon and shall inure to the benefit of the parties hereto and their permitted successors and assigns, and any reference to a party hereto shall also be a reference to a permitted successor or assign.

20.5 Complete Agreement. This instrument, any attached exhibits, and the documents expressly described or referred to in the Lease constitute all of the understandings and

agreements existing between the parties concerning this Lease and the rights, interest, understandings, agreements and obligations created by this Lease. Any prior discussions or documents relating to this Lease and the subject matter hereof are fully and completely integrated herein, and no such prior discussion or document outside of this Lease shall be considered or used in any way to interpret any provision of this Lease.

20.6 Severability. If any one or more of the provisions contained in this Lease is held by a court of competent jurisdiction (or by an arbitrator who adjudicates any dispute or interprets this Lease) for any reason to be invalid, illegal, or unenforceable in any respect, the invalidity, illegality, or unenforceability of any such provision shall not affect any other provisions hereof, and this Lease shall be construed as if it did not contain any invalid, illegal or unenforceable provision.

20.7 Notices. All notices, requests, demands and other communications under this Lease shall be in writing and shall be deemed to have been duly given on the date of service if served personally, the date transmitted by email to the party to whom notice is to be given, or on the second day after mailing if mailed to the party to whom notice is to be given, by first class mail, registered or certified, postage prepaid, and properly addressed as follows:

*If to Lessee:*

San Benito Health Care District  
Attention: Chief Financial Officer  
911 Sunset Drive  
Hollister, CA 95023  
E-mail: [mrobinson@hazelhawkins.com](mailto:mrobinson@hazelhawkins.com)

*If to Lessor:*

Ceglia Properties, LLC  
Attention: John Ceglia  
154 Stony Brook Dr.  
Hollister, CA 95023  
E-mail: \_\_\_\_\_

*With a required copy to:*

Noland, Hamerly, Etienne & Hoss  
Attn: Danny Little  
P.O. Box 2510  
Salinas, CA 93902-2510  
E-mail: [dlittle@nheh.com](mailto:dlittle@nheh.com)

Any party may change their or its address for purposes of this section by giving the other party written notice of the new address in the manner set forth above.

20.8 Amendments. The exclusive method to change or modify this Lease shall be by a written amendment, signed by the parties, and shall be effective from the date specified in such amendment unless the parties agree to another effective date of amendment in such writing. No oral agreement conflicting in any manner with the terms hereof shall be effective, whether or not partially performed, unless and until embodied in such an amendment to this Lease and signed by the parties to this Lease.

20.9 Controlling Law. This Lease has been negotiated, drafted and executed in San Benito County, California. The parties agree that this Lease and the rights and remedies of the parties hereunder shall be governed by California law. Each party consents to the exclusive

jurisdiction of the Superior Court of California in and for the County of San Benito with respect to any dispute which is not otherwise resolved as herein provided and for the enforcement hereof.

20.10 Preparation of Agreement. The parties acknowledge that the law offices of Noland, Hamerly, Etienne & Hoss, a professional corporation (“NHEH”), has prepared this Lease on behalf of Lessee, and that NHEH has not provided legal representation or given legal advice to Lessor in connection with negotiating, drafting or executing this Lease. Lessor acknowledges that Lessor has been given a reasonable opportunity to obtain independent legal advice in connection with his negotiation, drafting and executing of this Lease.

20.11 Time of the Essence. Time is of the essence of this Lease and failure to comply strictly with this provision and the time periods specified herein (unless waived or extended by written agreement) shall be a material breach of this Lease.

20.12 Cumulative Rights. All rights and remedies of any party under this Lease or under applicable law shall be separate and cumulative, and no right or remedy, whether or not exercised, shall preclude a party from exercising any other right or remedy it may have.

20.13 Interpretation/Construction of Agreement. The parties acknowledge that this Lease was drafted after negotiations between the parties. The parties agree that any ambiguities or uncertainties shall be resolved by giving effect to the ascertained intent of the parties pursuant to California Civil Code section 1654 without any presumption against either party.

20.14 Counterparts. This Lease may be executed in any number of counterparts, each of which shall be deemed an original and all of which shall constitute one and the same agreement.

IN WITNESS WHEREOF, the undersigned have executed this Lease as of the date first above written.

**LESSEE**  
SAN BENITO HEALTH CARE DISTRICT

**LESSOR**  
CEGLIA PROPERTIES, LLC

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

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

Name: \_\_\_\_\_

Name: \_\_\_\_\_

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

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

**EXHIBIT A**

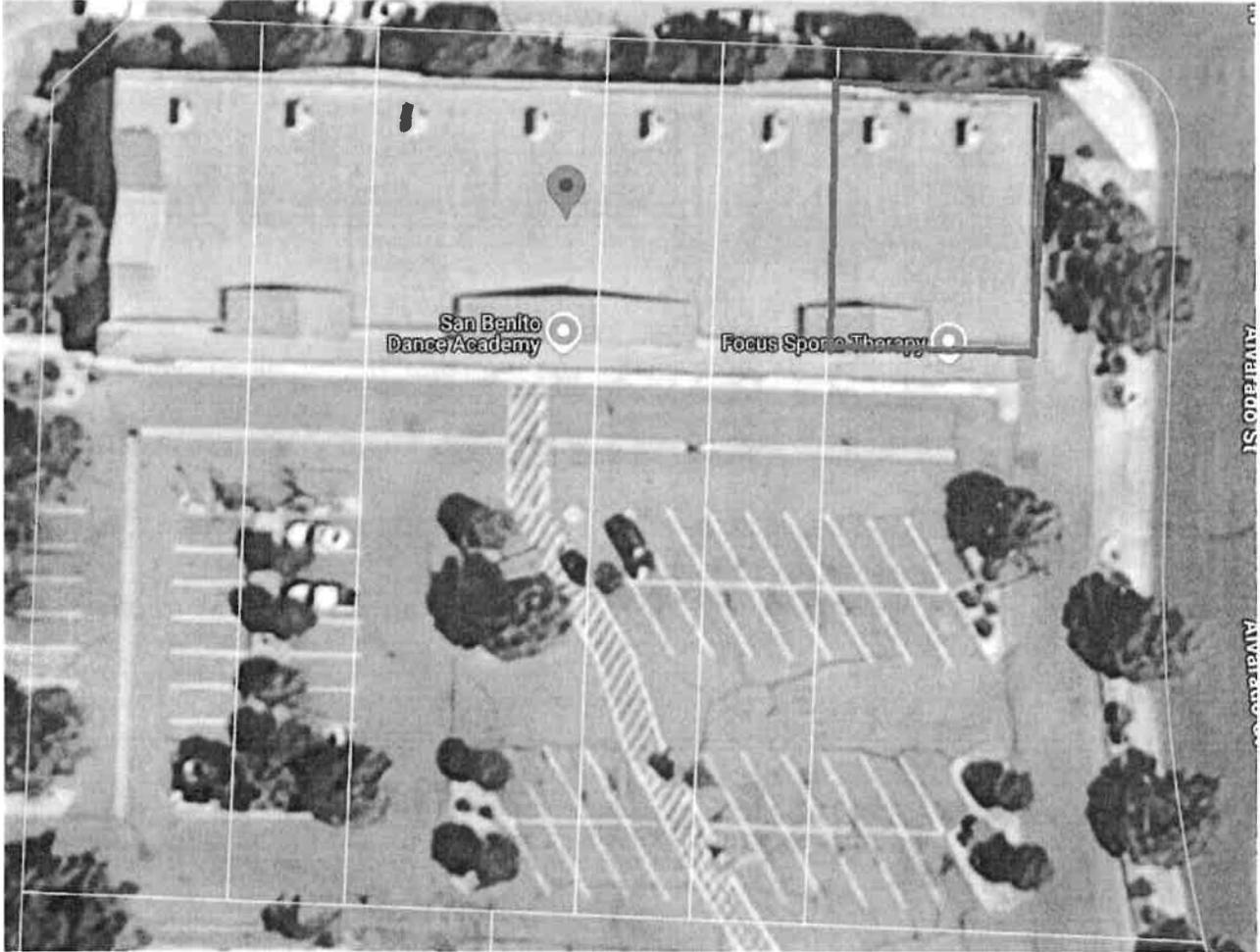
**Property Legal Description**

All that real property located in the City of Hollister, County of San Benito, State of California described as follows:

PARCEL 2 AND PARCEL 3 AS IS SHOWN ON THAT CERTAIN PARCEL MAP FILED FOR RECORD OCTOBER 17, 2007 IN BOOK 10 OF PARCEL MAPS, AT PAGE 49, RECORDER'S FILE NO. 2007-0012755, SAN BENITO COUNTY RECORDS OF THE STATE OF CALIFORNIA

**EXHIBIT B**

**Illustration of the Premises**



Approximate location of the Premises identified in red ink.

## PROFESSIONAL SERVICES AGREEMENT

This Professional Services Agreement (“**Agreement**”) is made, entered into and effective as of March 1, 2026 (“**Effective Date**”), by and between San Benito Health Care District, a local health care district organized and operated pursuant to Division 23 of the California Health and Safety Code (“**SBHCD**”), FOCUS PHYSICAL THERAPY AND GYM MANAGEMENT SERVICES, INC., a California professional physical therapy corporation (“**Corporation**”).

### RECITALS

- A. SBHCD owns and operates Hazel Hawkins Memorial Hospital, a licensed general acute care facility located at 911 Sunset Drive, Hollister, California (“**Hospital**”). Hospital provides inpatient and outpatient services to residents of the San Benito Health Care District and surrounding communities which constitute the Hospital’s service area (“**Hospital Service Area**”).
- B. SBHCD owns and operates a physical therapy clinic provide services to patients in the Hospital Service Area (“**Clinic**”). Clinic operates under the name “Focus Sports Therapy” at 101 McCray Street, Ste. 108, Hollister, CA 95023.
- C. Corporation is a California professional physical therapy corporation organized under the Moscone-Knox Professional Corporation Act (“**Act**”), duly licensed and authorized to practice physical therapy in California.
- D. Corporation’s physical therapists (each a “**PT**” and collectively the “**PTs**”) are licensed to practice physical therapy in the State of California, and experienced and qualified to provide physical therapy services. The term “**PTs**” includes all physical therapists who own shares in, employed by, contracted with, or serving as director or officer of Corporation on the Effective Date and at any time during the Term of this Agreement.
- E. Section 32129 of the California Health and Safety Code provides that a health care district may contract with physicians and health care provider groups to render professional health services in order to ensure that adequate health care is available to all residents within its service area.
- F. SBHCD has determined that entering into this Agreement with Corporation is in the best interests of SBHCD and the public health of the residents of the Hospital Service Area and is an appropriate way to assure availability of skilled physical therapy services to patients in the Hospital Service Area.
- G. The parties desire to enter into this Agreement to set forth their respective responsibilities in connection with the Services provided by Corporation through PTs at the Hospital and Clinic during the term of this Agreement.

The parties hereby agree as follows:

### ARTICLE 1 - DUTIES AND OBLIGATIONS OF CORPORATION

- 1.1 Services. Beginning on March 1, 2026 (“**Commencement Date**”), Corporation shall provide Services (as defined in Exhibit A) to patients at Clinic and/or Hospital and on the schedule more fully described in Exhibit A, which is attached to this Agreement and incorporated by this reference. Services include Medicare services, Medi-Cal services, services pursuant to any other federal health care program or a state health care financial program (“**Governmental Programs**”), workers’ compensation services, and charity care. Corporation shall ensure PTs cooperate to enable Clinic’s and Hospital’s participation in Medicare, Medi-Cal, Governmental Programs, workers’ compensation services and commercial payor programs. PTs shall provide Services to all patients, including Medicare, Medi-Cal, Governmental Program, and workers’ compensation beneficiaries, in a non-discriminatory manner and in accordance with all applicable laws and SBHCD policies and procedures, as developed and implemented in collaboration with leadership of Hospital and Clinic.

1.2 Qualifications.

1.2.1 Corporation shall: (i) be duly organized, validly existing and in good standing under the laws of California; (ii) meet all licensure and registration requirements to practice physical therapy as a professional corporation; (iii) not be excluded from participation in any governmental healthcare program; and (iv) have no shareholders or directors other than “licensed persons” as defined in the Act.

1.2.2 Each PT shall: (i) be duly licensed to practice physical therapy by the State of California; (ii) be qualified to perform the Services by having adequate levels of competency and experience; (iii) have skill comparable to those prevailing in the community; (iv) not be excluded from participation in any governmental healthcare program; and (v) be certified as a participating providers in the Medicare and Medi-Cal programs.

1.3 Compliance. In connection with the operation and conduct of the Clinic and Hospital and rendition of Services, Corporation and PTs shall, at all times and as applicable, comply with the applicable terms of this Agreement and with all applicable federal, state and local laws, rules and regulations, including requirements for participation in the Medicare and Medi-Cal programs, SBHCD rules and regulations, and applicable policies and procedures, and will at all times be aware of and participate in meeting the SBHCD Corporate Compliance program goals and objectives.

1.4 Credentialing. In order to be efficiently credentialed with payors contracted with SBHCD, PTs shall participate in the Council for Affordable Quality Healthcare (“CAQH”) credentialing program (as applicable) and shall timely comply with requests from CAQH or SBHCD personnel for (i) credentialing information regarding each PT, and (ii) documents necessary for the credentialing of each PT.

1.5 Use of Premises. No part of the SBHCD premises shall be used at any time by Corporation or PT as an office for the general or private practice of physical therapy (other than Services pursuant to this Agreement).

1.6 Patient Records/Chart Notes. Each PT shall provide appropriate and necessary documentation for each patient’s record for all patient encounters in the Clinic and Hospital in compliance with the Hospital’s and Clinics’ policies and procedures.

1.7 Coding. PTs shall properly code all professional services rendered to patients. PTs’ coding shall be used for purposes of billing for Services provided by Corporation. All such coding shall be subject to review and audit by an independent auditing company mutually agreed upon by the parties.

1.8 Professional Standards. In performing Services, Corporation and PT shall comply with the principles and ethics of the American Physical Therapy Association, the California Physical Therapy Association and any federal, state or municipal law, statute or ordinance dealing with the practice of physical therapy by PTs. Each PT shall further abide in all respects with the Code of Conduct applicable to professional health care providers of any hospital, outpatient clinic or surgery center, including but not limited to SBHCD, at which Corporation provides professional services. Corporation and PTs shall provide services to all SBHCD patients on a courteous and prompt basis, be available and accessible to patients, provide them with full and meaningful information and render services in a manner which assures continuity of care.

**ARTICLE 2 - DUTIES AND OBLIGATIONS OF SBHCD**

2.1 Duties. SBHCD agrees to furnish at its own cost and expense, for the operation of the Clinic and Hospital, the following:

2.1.1 Space and Equipment. Space and Equipment as may be reasonably required for the operation of the Clinic and Hospital as determined by SBHCD. SBHCD shall provide Corporation office space sufficient to perform the administrative and management services rendered as part of the Services.

- 2.1.2 Services and Supplies. Maintenance, repair, and replacement of equipment as are reasonably required; all utilities, including telephone, power, light, gas, and water; and all supplies that may be reasonably required for the operation of the Clinic and Hospital.
- 2.1.3 Non-physician Personnel. All non-physician personnel with appropriate education, training and experience required to operate the Clinic and Hospital, including qualified administrative personnel (except as required of Corporation as part of the Services). SBHCD shall have the sole right and responsibility for the hiring and termination of all its employees. SBHCD shall be responsible for the scheduling of non-physician Clinic and Hospital personnel.
- 2.2 Eligibility. At all times during the term of this Agreement, Clinics and Hospital shall remain eligible to participate in the Medicare and Medi-Cal programs.
- 2.3 Contracts. SBHCD shall be solely responsible for negotiating all contracts for the reimbursement of Services provided in the Clinic and Hospital. SBHCD in its sole and absolute discretion shall determine the negotiation parameters for the terms, conditions, and rates for such contracts.
- 2.4 Access to Records. Corporation and PT shall have access to the SBHCD patient medical and business records for quality of care and compliance purposes.

### **ARTICLE 3 - BILLING AND ASSIGNMENT OF REVENUE**

- 3.1 Billing and Collection. SBHCD shall perform billing and collection services under this Agreement for all professional services rendered by PTs. Corporation and PTs shall cooperate with SBHCD and shall use its/his/her best efforts to furnish appropriate documentation of patient care services provided by PTs to enable SBHCD to timely and accurately bill and collect for such services.
- 3.2 Assignment of Professional Service Revenues. Corporation and PTs hereby assign to SBHCD the right to all revenue from any and all patients, third-party payors, and Governmental Programs for all professional services rendered as part of the Services by Corporation and PTs at the Hospital and the Clinic under this Agreement. The parties intend that SBHCD may bill and collect directly from the Medicare carrier for PT's services to Medicare beneficiaries in compliance with Medicare Publication 100-04, Chapter 1, Sec. 30.2.7.

### **ARTICLE 4 - COMPENSATION FOR SERVICES BY CORPORATION**

- 4.1 Compensation. As compensation for the provision of Services in the Clinic and Hospital, SBHCD shall pay Corporation as outlined in Exhibit A to this Agreement and in accordance with the normal SBHCD contract payment process for Services provided hereunder. Neither Corporation nor any PT shall not bill for facility fees, administrative, supervisory, medical director, or similar services.
- 4.2 Schedule of Charges. SBHCD, in its sole and absolute discretion, shall decide upon the schedule of charges for the Clinic and Hospital. Pursuant to California Health and Safety Code Section 32129, the SBHCD Board of Directors may review the fees and charges for Services provided at the Clinic and Hospital to ensure such fees and charges are reasonable, fair, and consistent with the basic commitment of SBHCD to provide adequate health care to all residents within the Hospital Service Area.

### **ARTICLE 5 - TERM AND TERMINATION**

- 5.1 Term. The term of this Agreement shall commence on the Commencement Date and continue for a period of five (5) years, unless terminated earlier as provided in this Agreement, and shall automatically renew for successive one (1) year periods thereafter unless (i) either party gives written notice of nonrenewal not less than sixty (60) days prior to renewal, or (ii) the Agreement is earlier terminated as set forth herein.
- 5.2 Termination. Either party shall have the right to terminate this Agreement without stating a cause or reason and without cost or penalty upon ninety (90) days' prior written notice to the other party.

Notwithstanding, either party shall have the right to terminate the Agreement for cause upon written notice to the other party as set forth below.

- 5.3 Definition of Cause. For purposes of this Agreement, “cause” shall include, but not be limited to, the occurrence of any of the following events:
- 5.3.1 SBHCD, Corporation, or any PT is in breach of any material term or condition of this Agreement and such breach has not been cured within thirty (30) days following written notice of such breach.
  - 5.3.2 SBHCD or Corporation becomes insolvent or declares bankruptcy.
  - 5.3.3 Corporation fails to meet any licensure or registration requirement promulgated by the Physical Therapy Board of California.
  - 5.3.4 Any PT’s license to practice physical therapy is revoked or suspended.
  - 5.3.5 SBHCD fails to carry or reinstate the insurance required in ARTICLE 8 of this Agreement or such coverage is cancelled or revoked within fifteen (15) days following notice of revocation from its insurance carrier.
  - 5.3.6 SBHCD’s determination, in its sole discretion, that Corporation or any PT has violated a material term of ARTICLE 9 of this Agreement.
  - 5.3.7 The performance by either party of any term, condition, or provision of this Agreement which jeopardizes the licensure of Hospital, Hospital’s participation in Medicare, Medi-Cal or other reimbursement or payment program, or Hospital’s full accreditation by The Joint Commission or any other state or nationally recognized accreditation organization, or the tax-exempt status of Hospital’s bonds, or if for any other reason such performance violates any statute, ordinance, or is otherwise deemed illegal, or is deemed unethical by any recognized body, agency, or association in the healthcare fields, and the jeopardy or violation has not been or cannot be cured within sixty (60) days from the date notice of such jeopardy or violation has been received by the parties.
  - 5.3.8 Any PT being charged with or convicted of a crime other than an infraction, traffic citation, or similar charge.
  - 5.3.9 Any PT’s engagement in: (i) willful misconduct (which means the knowing and intentional failure to exercise ordinary care to prevent material injury to SBHCD or the commission of an intentional act with knowledge that it is likely to result in material injury to the SBHCD), (ii) fraudulent activities, (iii) crimes or acts of moral turpitude, (iv) any breach of a duty to SBHCD, a patient, or any third party payor, (v) sexual harassment or abuse, or (vi) or any other action or omission that could materially affect SBHCD’s business or reputation in an adverse manner.
  - 5.3.10 Termination or expiration of the Commercial Lease for the Clinic by and between SBHCD and Ceglia Properties, LLC of even date herewith.
- 5.4 Termination/Expiration Not Subject to Fair Hearing. It is agreed between the parties that should either party exercise its right to terminate this Agreement such decision to terminate, and the actual termination or expiration of this Agreement, shall apply to rights under this Agreement only and not to any PT’s medical staff privileges or membership on the medical staff of Hospital (if applicable). The termination or expiration of this Agreement shall not be subject to the Fair Hearing Plan of the Medical Staff Bylaws, the hearing procedures provided by Healthcare District Law, or any other fair hearing procedure regarding medical staff appointments or privileges.

## ARTICLE 6 - INDEPENDENT CONTRACTOR

- 6.1 Independent Contractor Status. Corporation is engaged in an independent contractor relationship with SBHCD in performing all work, services, duties, and obligations pursuant to this Agreement. Neither SBHCD nor Hospital shall exercise any control or direction over the methods by which Corporation or any PT performs work and functions, except that each PT shall perform at all times in strict accordance with then currently approved methods and practices of PT's professional specialty. SBHCD's sole interest is to ensure that PT performs and renders services in a competent, efficient, and satisfactory manner in accordance with high physical therapy standards.
- 6.2 Independent Contractor Responsibilities. The parties expressly agree that no work, act, commission, or omission of Corporation pursuant to the terms and conditions of this Agreement shall be construed to make or render Corporation or any PT the agent or employee of SBHCD. No PT shall be entitled to receive from SBHCD vacation pay, sick leave, retirement benefits, Social Security, workers' compensation, disability or unemployment insurance benefits or any other employee benefit. Corporation shall be solely responsible for paying when due all income, employment and withholding taxes and employment benefits, if any, including estimated taxes, incurred as a result of the compensation paid by (i) SBHCD to Corporation, and (ii) Corporation to any PT for Services under this Agreement. Corporation is responsible for providing, at its sole own expense, disability, unemployment, workers' compensation and other insurance (if applicable), training, permits and licenses.

## ARTICLE 7 - REPRESENTATIONS AND WARRANTIES

- 7.1 SBHCD Representations and Warranties. SBHCD for itself, and its board of directors, officers, employees, and agents (collectively, "Agents"), represents and warrants to SBHCD, upon execution and while this Agreement is in effect, as follows:
- 7.1.1 SBHCD has all requisite power and authority to enter into this Agreement and to perform its obligations under this Agreement;
- 7.1.2 This Agreement has been duly authorized, executed, and delivered by SBHCD and is a legal, valid, binding obligation of SBHCD, enforceable in accordance with its terms;
- 7.1.3 The parties have bargained at arms' length to determine Corporation's compensation under this Agreement, the compensation is fair market value for the Services; and the compensation is consistent with fair market value for similar services in the community; and
- 7.1.4 The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby by SBHCD will not violate and provisions of, or constitute a default under, and contract or other agreement to which SBHCD is a party or by which it is bound, other than violations, defaults or conflicts that would not materially and adversely affect the ability of SBHCD to perform the its obligations pursuant to this Agreement.
- 7.2 Corporation Representations and Warranties. Corporation, for itself, each PT, and its Agents, represents and warrants to SBHCD, upon execution and while this Agreement is in effect, as follows:
- 7.2.1 Corporation: (i) is a duly organized professional physical therapy corporation, validly existing and in good standing under the laws of California, (ii) is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required, and (iii) has all requisite corporate power and authority to execute, deliver and perform its obligations under this Agreement, including all required licensure and registration with the Physical Therapy Board of California;
- 7.2.2 No PT's license to practice physical therapy in California or in any other jurisdiction has ever been denied, suspended, revoked, terminated, voluntarily relinquished under threat of disciplinary action, or restricted in any way;

- 7.2.3 No PT's medical staff privileges at any health care facility have ever been denied, suspended, revoked, terminated, voluntarily relinquished under threat of disciplinary action, or made subject to terms of probation or any other restriction;
- 7.2.4 No PT has in the past conducted, and is presently not conducting, his/her physical therapy practice in such a manner as to cause said PT to be suspended, excluded, barred or sanctioned under Medicare or Medi-Cal, or any government licensing agency, nor have they every been convicted of a criminal offense related to health care, or listed by a federal agency as debarred, excluded or otherwise ineligible for federal program participation;
- 7.2.5 Each PT has, and shall maintain throughout the term of this Agreement, an unrestricted license to practice physical therapy in California and privileges at the Hospital/Clinic;
- 7.2.6 This Agreement has been duly authorized, executed, and delivered by Corporation and is a legal, valid, binding obligation of Corporation, enforceable in accordance with its terms; and
- 7.2.7 The parties have bargained at arms' length to determine Corporation's compensation under this Agreement, the compensation is fair market value for the Services; and the compensation is consistent with fair market value for similar services in the community; and
- 7.2.8 The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby by Corporation will not violate any provisions of, or constitute a default under, and contract or other agreement to which Corporation or any PT is a party or by which it is bound, other than violations, defaults or conflicts that would not materially and adversely affect the ability of Corporation or any PT to perform the Services required under this Agreement.

#### **ARTICLE 8 - LIABILITY/MALPRACTICE INSURANCE COVERAGE**

- 8.1 Coverages. At all times during the Term of this Agreement, Corporation shall maintain general and professional liability insurance coverage for Corporation and PTs for the Services provided hereunder to SBHCD patients during the term of this Agreement in a minimum amount of \$1,000,000 per occurrence and \$3,000,000 annual aggregate. In the event the coverage that Corporation obtains to comply with this Section of this Agreement is a "claims made" policy, and Corporation, as applicable, changes insurance carriers or terminates coverage upon or after termination of this Agreement, Corporation shall immediately obtain and shall maintain "tail" coverage in the amounts otherwise required under this Section for at least seven (7) years following termination of this Agreement.

#### **ARTICLE 9 - PROTECTED HEALTH INFORMATION**

- 9.1 Protected Health Information. Corporation and the PTs shall maintain the confidentiality of all Protected Health Information ("PHI") in accordance with all applicable federal, state, and local laws and regulations, including, but not limited to, the California Confidentiality of Medical Information Act and the Federal Health Insurance Portability and Accountability Act of 1996 and regulations promulgated thereunder ("HIPAA"). Without limiting the foregoing, Corporation agrees to maintain PHI, as defined from time to time under HIPAA, which may be made available to or received by Corporation or any PT pursuant to this Agreement, in accordance with the requirements of HIPAA. Corporation and the PTs shall:
  - 9.1.1 Not use or further disclose PHI in a manner that would violate HIPAA if done by Hospital or violate the requirements of applicable laws or this Agreement;
  - 9.1.2 Use appropriate safeguards to prevent use or disclosure of PHI except as permitted by law and the terms of this Agreement, and report to Hospital any use or disclosure of PHI not permitted by law or by this Agreement of which any PT becomes aware;
  - 9.1.3 Comply with the elements of any compliance program established by Hospital that applies to the use or disclosure of PHI and ensure that any subcontractors or agents to whom Corporation

provides PHI agree to the same restrictions and conditions that apply to Corporation and PT with respect to such PHI;

- 9.1.4 In accordance with HIPAA, (i) make available PHI to the subject patient; (ii) make available PHI for amendment and incorporate any amendments to PHI; and (iii) make available the information required to provide an accounting of disclosures of PHI to the subject patient;
- 9.1.5 Make Corporation's internal practices, books, and records relating to the use and disclosure of PHI available to the Secretary of the United States Department of Health and Human Services for purposes of determining Hospital's and Corporation's compliance with HIPAA;
- 9.1.6 At termination of this Agreement, return or destroy all PHI received from or created by SBHCD and retain no copies of such PHI or, if return or destruction is not permissible under law or the terms of this Agreement, continue to maintain all PHI in accordance with the provisions of this Section and limit further uses and disclosures to those purposes that make the return or destruction of the information infeasible.

- 9.2 Electronic Protected Health Information ("EPHI"). Corporation will: (i) implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the EPHI that each PT creates, receives, maintains, or transmits on behalf of SBHCD; (ii) report to SBHCD any security incident with respect to EPHI of which Corporation or any PT becomes aware; and (iii) ensure that any agent, including a subcontractor, to whom Corporation or any PT provides EPHI agrees to implement reasonable and appropriate safeguards to protect such information.

#### **ARTICLE 10 - REQUIRED DISCLOSURES**

- 10.1 Required Disclosures. Corporation shall notify SBHCD in writing within three (3) days after any of the following events occur:
  - 10.1.1 Any PT's license to practice physical therapy in California or any other jurisdiction lapses or is denied, suspended, revoked, terminated, voluntarily relinquished (under threat of disciplinary action) or made subject to terms or probation or other restriction;
  - 10.1.2 Any PT's medical staff membership and/or privileges at any health care facility or entity are denied, suspended, revoked, terminated, voluntarily relinquished (under threat of disciplinary action), or made subject to terms of probation or other restriction;
  - 10.1.3 Any PT is required to pay damages in any malpractice action by way of judgment or settlement, except that Corporation and PT shall not be required to breach a settlement or confidentiality agreement;
  - 10.1.4 Receipt of notice of the commencement of any investigation into PT's physical therapy license or PT's physical therapy practice by the Physical Therapy Board of California, California Attorney General, the Department of Health and Human Services Office of Inspector General, the Department of Justice, or any other entity of federal, state, or local government;
  - 10.1.5 An event occurs that (i) substantially interrupts all or a portion of Corporation's or any PT's professional practice, including the termination of any PT's shareholder, director, or employee/contractor relationship with Corporation, (ii) materially adversely affects Corporation's or PT's ability to perform their obligations hereunder, including the Services, or (iii) could likely cause Corporation to be in breach of this Agreement;
  - 10.1.6 Any PT's conviction of a criminal offense related to health care or any PT's listing by a federal agency as being debarred, excluded or otherwise ineligible for federal program participation; or
  - 10.1.7 The occurrence of any event that would constitute cause pursuant to Section 5.3.

## ARTICLE 11 - GENERAL PROVISIONS

- 11.1 Notices. Any notice to be given to any party hereunder shall be deposited in the United States Mail, duly registered or certified, with return receipt requested, with postage paid, and addressed to the party for which intended, at the addresses set forth in the signature block, or to such other address or addresses as the parties may hereafter designate in writing to each other.
- 11.2 No Waiver. No waiver of any of the provisions of this Agreement shall be deemed, or shall constitute, a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.
- 11.3 Governing Law and Venue. This Agreement shall be governed by, construed and enforced in accordance with the laws of the State of California. Venue shall be in the County of San Benito, California.
- 11.4 Ownership of Patient Records. All Clinic and Hospital patient records shall be maintained by SBHCD and are the property of SBHCD. Corporation shall have the right to access such records during normal business hours.
- 11.5 Patient Choice. Notwithstanding anything herein to the contrary, all compensation paid to Corporation pursuant to this Agreement is solely for the purpose of obtaining the services of Corporation, through PTs, for patients of the SBHCD community. The parties recognize and affirm the importance of individual patient choice in selection of medical services. Nothing contained in this Agreement shall be interpreted to obligate, encourage, or solicit, in any way, the referral of any individual patient to any health care facility, including the Hospital, contrary to that patient's choice of another provider of medical services. Further, nothing in this Agreement shall be interpreted to prevent, restrict, or discourage the PT from referring patients to any other provider of health care services.
- 11.6 Exclusive Property of SBHCD. All data, files, records, documents, promotional materials, and similar items relating to the business of SBHCD, whether prepared by or with the assistance of Corporation or any PT or otherwise coming into Corporation's or any PT's possession shall remain the exclusive property of SBHCD and shall not be removed from SBHCD's facilities under any circumstances without the prior written consent of SBHCD.
- 11.7 Confidentiality. The parties acknowledge and agree that during the term of this Agreement and in the course of the discharge of Corporation's duties hereunder, Corporation and PTs shall have access to and become acquainted with information concerning the operation of SBHCD, and information which, pursuant to applicable law and regulation, is deemed to be confidential, including, but not limited to, trade secrets, medical records, patient medical and personal information, and personnel records. Corporation agrees that such information shall not be disclosed either directly or indirectly to any other person or entity or used by Corporation or its Agents in any way either during the term of this Agreement or at any other time thereafter, except as is required herein. Corporation understands breach of this article will be an irreparable breach of this Agreement. Such breach will result in immediate termination of this Agreement, and SBHCD shall be entitled to pursue any available at remedies at law or equity resulting from such breach.
- 11.8 Binding Agreement: No Assignment. This Agreement shall be binding upon and shall inure to the benefit of the parties to it and their respective legal representatives, successors, and permitted assigns. No party may assign this Agreement or any rights hereunder, or may they delegate any of the duties to be performed hereunder without the prior written consent of the other party.
- 11.9 Indemnification. Each party hereto shall indemnify, defend and hold harmless the other party and such party's employees, directors, officers, subcontractors, agents and affiliates from and against all claims, actions, damages, losses, liabilities, fines, penalties, costs or expenses (including, without limitation, reasonable attorneys' fees) suffered by such party arising from or in connection with (i) any breach of this Agreement or any applicable law, or (ii) any negligent or wrongful acts or omissions in connection with the performance of this Agreement by the party or its employees, directors, officers, subcontractors, agents or representatives.

- 11.10 Dispute Resolution. If any dispute, controversy, or claim arises out of this Agreement, for a period of thirty (30) days following written notice of the dispute, controversy or claim from one party to the other, the parties will use their good faith efforts to resolve the dispute, controversy, or claim. If the matter cannot be resolved by the parties in this fashion, then such dispute, claim or controversy shall be heard in San Benito County, California, pursuant to the provisions of California Code of Civil Procedure Sections 638 through 645.1, inclusive. The hearing shall be final and binding to the greatest extent permitted by law, and the cost thereof, including reasonable attorneys' fees, shall be borne by the losing party in such proportions as the referee may decide. Judgment on the award may be entered in any court having jurisdiction thereof.
- 11.11 Section 952 of Omnibus Budget Reconciliation Act of 1980. In accordance with Section 952 of the Omnibus Reconciliation Act of 1980 (PL 96-499), Corporation agrees that the books and records of Corporation will be available to the Secretary of Department of Health and Human Services and the Comptroller General of the United States, or their duly authorized representatives, for four (4) years after termination of this Agreement. In the event that any of the services to be performed under this Agreement are performed by any subcontractor of Corporation at a value or cost of \$10,000 or more over a twelve (12) month period, Corporation shall comply and assure that such subcontractor complies with the provisions of Section 952 of the Omnibus Reconciliation Act of 1980. If not applicable to this Agreement, this Section shall automatically be repealed.
- 11.12 Entire Agreement; Amendment. This Agreement, its exhibits, and all referenced documents constitute the entire agreement between the parties pertaining to the subject matter contained herein. This Agreement supersedes all prior and contemporaneous agreements, representations and understandings of the parties which relate to the subject matter of this Agreement. No supplement, amendment or modification of this Agreement shall be binding unless executed in writing by all of the parties.

*\*\*\*Signatures follow on the next page\*\*\**

The parties hereby executed this Agreement as of the Effective Date first set forth above.

**SBHCD**  
SAN BENITO HEALTH CARE DISTRICT

**CORPORATION**  
FOCUS PHYSICAL THERAPY AND GYM  
MANAGEMENT SERVICES, INC.

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

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

John L. Ceglia, CEO

Name: \_\_\_\_\_

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

*Address for Notices:*

*Address for Notices:*

San Benito Health Care District  
Attn: Chief Executive Officer  
911 Sunset Dr.  
Hollister, CA

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**EXHIBIT A**  
**SERVICES AND COMPENSATION**

A. Services. Beginning on the Commencement Date, Corporation shall provide the following services (the “**Services**”):

A.1 Administrative and Management Services. All administrative and management (non-professional) services required to operate the Clinic, including but not limited to patient scheduling and PT coverage. Corporation shall also provide input on business matters as requested by SBHCD, *e.g.*, marketing, business development, etc. (“**Administrative and Management Services**”). Notwithstanding, SBHCD shall retain sole authority to direct the medical, professional, ethical, and business aspects of the Clinic.

A.2 Professional Physical Therapy Service. Corporation, through the PTs, shall provide professional physical therapy services to SBHCD patients at the Clinic as directed by SBHCD (“**Professional Services**”). Corporation shall provide Professional Services at the Clinic at the rate of not less than 2.7 full time equivalent PTs each month.

B. Schedule.

B.1 Full Time Basis. Corporation shall provide Services and operate the Clinic on a full-time basis, which shall mean five days per week (Monday through Friday) for eight hours per day, or during such other period as the parties may agree.

B.2 Holidays. Corporation may close the Clinic on SBHCD recognized holidays.

C. Compensation.

C.1 Fees.

C.1.1 Management Fee. SBHCD shall pay Corporation a monthly flat fee of \$63,194.00 to provide the Administrative and Management Services (“**Management Fee**”). Each year on the anniversary of the Effective Date, the Management Fee shall be increased by three percent (3%).

C.1.2 Professional Services Fee. SBHCD shall pay Corporation the following amounts as compensation for the Professional Services: \$42,000.00 per month (“**Professional Services Fee**”). Each year on the anniversary of the Effective Date, the Professional Services Fee shall be increased by three percent (3%).

C.1.3 Proration. If Corporation fails to provide the minimum level of Services required by Section A.2 or B.1, compensation shall be reduced to reflect such variance.

C.2 Timing. The Management Fee and the Professional Services Fee shall be paid on the first day of each calendar month.

C.3 Payment on Termination. On termination of this Agreement, which is not extended, renewed or superseded by another agreement, SBHCD shall pay to Corporation any amounts due to Corporation within thirty (30) days after the termination of this Agreement.

D. Services and Activities in Support of SBHCD. SBHCD and Corporation acknowledge and agree that certain services and activities may be required of Corporation and PTs in support of SBHCD to ensure a continuing high level of patient care. To that end, SBHCD may request Corporation or PTs participate in functions or events from time to time, in support of SBHCD. Corporation agrees PTs will

perform such services or participate in such activities at SBHCD's reasonable request and such services are Administrative and Management Services and are compensated as part of the Management Fees.

E. Practice Guidelines/Best Quality Practices. PTs shall demonstrate cooperative work arrangements with the Medical Staff, Quality and Safety Leadership and SBHCD Administration to achieve mutually accepted practice guidelines and the best quality practices.

4918-3268-1099, v. 3



Hazel Hawkins  
MEMORIAL HOSPITAL



Innova  
REVENUE GROUP

## INNOVA Revenue Group and Hazel Hawkins Memorial Hospital Statement of Work ("SOW")

This Statement of Work ("SOW") is entered into by and between San Benito Health Care District, a local health care district organized and operated pursuant to Division 23 of the California Health and Safety Code d/b/a Hazel Hawkins Memorial Hospital ("Client") and INNOVA Revenue Group ("Consultant") pursuant to the existing Master Services Agreement ("MSA") between the parties on the following date March 1, 2026 ("Effective Date").

### 1. Recitals

WHEREAS, Consultant has expertise in revenue cycle management, coding, clinical documentation improvement, utilization management, billing, and credentialing services; and

WHEREAS, Client desires to retain Consultant to provide such services under the terms of the MSA and this SOW;

NOW, THEREFORE, the parties agree as follows:

### 2. Purpose and Supersession

This SOW supersedes and replaces all prior Statements of Work between Client and Consultant related to the services described herein. This SOW amends the MSA only to the extent expressly stated and is subject to all other terms and conditions of the MSA.

### 3. Term

The term of this SOW shall be three (3) years, commencing on the date of last signature below ("Effective Date"), unless earlier terminated as provided in the MSA or in Section 3.1 below.

#### 3.1 Termination for Convenience

Either party may terminate this SOW for convenience upon ninety (90) days' written notice to the other party. Upon termination, Consultant shall deliver all work in progress and submit a final invoice for services rendered through the effective date of termination. Termination shall otherwise be governed by the applicable provisions of the MSA.

### 4. Annual Rate Adjustment

All rates outlined in this SOW shall increase by two percent (2%) annually on each anniversary of the Effective Date, calculated based on the immediately preceding year's rates.

## 5. Scope of Services

Consultant shall provide the services described below, as requested by Client in writing. Services outside this scope require a mutually agreed written amendment or change order.

Service Area	Scope / Tasks	Rate
5.1 Revenue Cycle Oversight	RCAT participation; SME support across revenue cycle functions; collaboration with department leadership and providers; workflow/process optimization support; oversight and guidance of hospital and clinic coding teams	\$75/hour
5.2 Hospital Coding & Charging	ICD-10-CM diagnosis and applicable procedure coding; infusions/injections; facility E/M leveling (CPT or PCS); encounter types: IN, INO, ED, SDC, REC, REF, SNF	\$75/hour
5.3 Clinic Coding & Charging	ICD-10-CM diagnosis coding; review and leveling of E/M services and procedures; primary care and specialty clinics (e.g., Orthopedics, OB/GYN)	\$75/hour
5.4 Chargemaster (CDM) Specialist Services	CDM build, maintenance, and charge mapping support; identification and resolution of charge capture issues; compliance-focused charge guidance	\$75/hour
5.5 Utilization Management (UM) & Clinical Documentation Improvement (CDI)	Medical necessity review using MCG guidelines; CDI support to improve documentation accuracy and completeness; provider education related to medical necessity and documentation	\$125/hour
5.6 Hospitalist Coding & Billing	Review of hospitalist documentation; charge review and corrections; claim submission and post-submission follow-up	\$75/hour
5.7 Hospitalist Credentialing	Credentialing and re-credentialing of hospitalist providers; enrollment and maintenance with Medicare, Medicaid, and commercial payers; follow-up with payers to ensure timely activation. Additional providers may be added upon request and mutual agreement.	\$65/hour

All coding shall be at least 95% accurate as determined by the audit described in Section 6, below.

Consultant hereby represents, warrants, and covenants as follows: (i) Consultant is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization; and qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required, and has all requisite corporate power and authority to execute, deliver and perform its obligations under this Agreement, and that its execution, delivery, and performance will not breach the terms of any existing agreement to which it is a party; and (ii) Consultant shall perform the services required pursuant to this Agreement consistent with generally accepted industry standards and all applicable laws and performed by trained and qualified individuals in a professional, timely, skillful, and workman-like manner, exercising care, skill, and diligence consistent with industry standards and in accordance with this Agreement.

Consultant shall provide to Client, upon written request by Client, the credentials of each employee and contractor of Consultant performing services pursuant to this SOW which shall include a summary of the credentials, curriculum vitae, and the location (city and state) of said employee or contractor.

## 6. Project Management and Communication

Consultant shall provide ongoing coordination, reporting, and communication with Client leadership throughout the term of this SOW. Reports may be provided monthly or as otherwise agreed in writing. In addition to and not in lieu of such communications, Consultant shall conduct quarterly audits of coding with a minimum sample

size of thirty (30) records per coder. The results of each audit shall include the audit findings in the template mutually agreed to by the parties, which shall include coding references. For inaccurate or miscoded records, Consultant shall conduct further education and training with a written plan of correction for any Coders failing to meet the 95% accuracy requirement set forth in Section 5 above.

## **7. Compliance**

Consultant shall perform all services in accordance with applicable federal and state laws, CMS regulations, payer guidelines, and Client policies, including HIPAA and other privacy regulations. Consultant shall maintain all necessary licenses and certifications and notify Client immediately (within forty-eight (48) hours) if Consultant becomes in violation of this Section 7. If any coder fails to meet the requirements of this Section 7, Consultant shall, within forty-eight (48) hours, prevent said coder from working on any Client matter until such breach is cured. Additionally, Consultant shall conduct a HIPAA security risk analysis and risk assessment annually as set forth in the BAA (defined below). Consultant shall report the results of all assessments, findings, and training that occurred in the previous quarter to the Client within thirty (30) days following the end of each calendar quarter.

## **8. Invoicing, Payment, and Travel Expenses**

**Invoices:** Consultant shall submit itemized invoices bi-weekly (every two (2) weeks), in arrears, unless otherwise agreed in writing. Each invoice will include dates of service, service category, hours worked, applicable hourly rate(s), and a brief description of work performed. Invoices are due within thirty (30) days of receipt (Net 30). Late payments may accrue interest as provided in the MSA. Payment terms and other invoicing obligations shall be governed by the MSA unless otherwise specified herein.

**Travel Expenses:** Client shall reimburse Consultant for pre-approved, reasonable, and necessary travel expenses incurred in connection with the performance of services under this SOW. Such expenses may include airfare, lodging, ground transportation, and meals. All travel expenses must be documented with receipts and submitted with the corresponding invoice. Travel arrangements should be made in accordance with Client policies whenever feasible.

## **9. Confidentiality**

Consultant shall treat all information received from Client as confidential, including patient data, business information, and operational processes, and shall not disclose such information except as required by law or with Client's prior written consent. Consultant shall implement reasonable safeguards to protect confidential and sensitive information. In the event of a conflict between the terms of this SOW, the MSA and/or the Business Associate Agreement ("BAA") entered into by the parties on or around the Effective Date, priority shall be given first to the terms of the BAA, then this SOW, then the MSA.

## **10. Limitation of Liability**

Consultant's liability for any claims arising under this SOW shall be limited as provided in the MSA. Nothing in this SOW shall be construed as waiving any rights or defenses under applicable law. Notwithstanding, each party hereto shall indemnify, defend and hold harmless the other party and such party's employees, directors, officers, subcontractors, agents and affiliates from and against all claims, actions, damages, losses, liabilities, fines, penalties, costs or expenses (including, without limitation, reasonable attorneys' fees) suffered by such party arising from or in connection with (i) any breach of this Agreement or any applicable law, or (ii) any negligent or wrongful acts or omissions in connection with the performance of this Agreement by the party or its employees, directors, officers, subcontractors, agents or representatives.

## **11. Offshore Services**

Consultant shall not permit any (i) Protected Health Information ("PHI") to be stored outside of the United States, nor (ii) workforce member or subcontractor located outside the United States or its territories to access, receive, maintain, process, transmit, or store PHI unless the Consultant has first:

- a. Provided written notice to Client identifying each offshore country location and the services performed;
- b. Completed and submitted all offshore disclosures and attestations required by the applicable Medicare Advantage Organization or Part D Sponsor, consistent with guidance issued by the Centers for Medicare & Medicaid Services (CMS);
- c. Implemented and documented appropriate administrative, technical, and physical safeguards to protect PHI, consistent with HIPAA, Medicare program requirements, and CMS audit and oversight expectations;
- d. Ensured that each offshore subcontractor is bound by written agreement imposing obligations at least as protective as those set forth in this Agreement, including audit, breach notification, record retention, and cooperation with CMS and Client oversight; and
- e. Obtained Client's written consent to do so.

To the extent offshoring activities are restricted or prohibited by applicable state law, including state privacy, data localization, or health information protection laws, Consultant and its subcontractors shall comply with the most restrictive applicable requirement up to and including prohibitions on offshore access to or storage of PHI.

## 12. Signatures

IN WITNESS WHEREOF, the parties have executed this SOW as of the dates set forth below.

### INNOVA Revenue Group

### Hazel Hawkins Memorial Hospital

Name: \_\_\_\_\_

Name: \_\_\_\_\_

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

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

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

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

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

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



5860 W Las Positas Blvd, Pleasanton, California 94588  
Phone Mobile 4083108417  
jesse.ramos@convergint.com

February 6, 2026

Hazel Hawkins Hospital  
Hazel Hawkins Hospital ED

Quotation: JR32885686P  
RFP#:   
License/Cert

Attention: Hazel Hawkins Hospital

Reference: S-Weapons Detection HHH ED XtractOne HW,  
SW, Labor

On behalf of Convergent's global network of colleagues, I would like to personally thank you for providing Convergent with the opportunity to present this proposal addressing your electronic security needs.

Convergent's reputation for service excellence is backed by a foundational commitment to our core value of service, and we have been recognized as the #1 Systems Integrator by SDM Magazine. This recognition reflects the strong relationships Convergent has developed with the industry's top technology manufacturers, and our history of success with providing exceptional service to our customers.

Our guiding principle has always been to be our customers' best service provider. Our dedicated and certified team of professionals strives to uphold our customer-focused, service-based mission to make a daily difference for our customers. After achieving a successful on-time and on-budget project installation, Convergent will provide you with the industry's best ongoing service, including our 24/7 customer portal iCare, designed to track service work orders, project progress, and provide you with detailed metric reporting for continuous improvement.

The following security proposal is specifically designed to meet your needs. As your single point of contact, please feel free to contact me with any additional questions you may have. Thank you again for trusting Convergent as your partner.



**Scope of Work**

Convergent is providing the materials identified below only. Convergent is not providing, and will not be responsible or liable for, any services related to the weapons detection products being purchased. All services, including installation, programming, training, and maintenance, are being provided by Xtract One in accordance with Xtract One policies, procedures, and terms.

**Materials**

Line	Qty	Part	Description	Unit Price	Extended Price
1			Xtract One Smart Gateway, 4-Year License		
2	0.00	S00-MSG-00007	SmartGateway	\$ 51,294.81	\$ 0.00
3	0.00	OM-303016	Initial Gateway Art Wrapping	\$ 0.00	\$ 0.00
4	0.00	L01-MSG-00007	View Gateway License Per Lane	\$ 1,800.00	\$ 0.00
5	0.00	L01-MSG-00006	View License Base	\$ 1,200.00	\$ 0.00
6	0.00	T01-MSG-0001	General Onsite Training Per Visit	\$ 6,493.51	\$ 0.00
7	0.00	P01-PAT-00002	Installation Base	\$ 5,844.16	\$ 0.00
8	0.00	P01-PAT-00001	Installation Per Lane	\$ 2,337.66	\$ 0.00
9	1.00		Hardware & Software	\$ 55,356.93	\$ 55,356.93
10	1.00		Maintenance, 4 years	\$ 42,128.92	\$ 42,128.92
11	1.00		Installation Per Lane	\$ 15,976.50	\$ 15,976.50
				<b>Equipment Total</b>	\$ 113,462.35
				<b>Total Labor</b>	\$ 2,457.00
				<b>Other Costs</b>	\$ 0.00
				<b>Freight/Warranty</b>	\$ 11,862.02
				<b>Tax if applicable</b>	\$ 10,495.27
				<b>Total Project Price</b>	\$ 138,276.64



## Clarifications and Exclusion

1. All work proposed herein, shall be performed during normal business hours Monday through Friday 8:00 am - 5:00 pm.
2. Low voltage wiring shall be installed via open air code approved methods.
3. Provision or installation of conduit, wire, boxes, fittings or other electrical installation materials unless specifically listed under Inclusions or Bill of Materials.
4. Permits or associated fees are not included.
5. Customer to provide static IP addresses and network connections at panel locations.
6. Customer to provide a secured staging & storage area for project related materials.
7. Pricing assumes that electronic Auto CAD files are available from customer for our use in creating submittal drawings.
8. Fifty percent (50%) of the proposed sell price shall be payable to Convergint for project mobilization. Mobilization shall be invoiced and due upon customer acceptance of this proposal.
9. Proposal does not include sales tax unless otherwise noted.
10. Anything in the Contract Documents notwithstanding, in no event shall either Contractor or Subcontractor be liable for special, indirect, incidental or consequential damages, including commercial loss, loss of use, or lost profits, even if either party has been advised of the possibility of such damages.
11. Convergint reserves the right to negotiate mutually acceptable contract terms and conditions with customer by making mutually agreeable changes to the formal contract included in the Bid Documents.
12. Supply Chain Delays & Price Adjustments: Customer acknowledges that supply chain disruptions and shipping delays may occur for reasons beyond Convergint's reasonable control and agrees to grant reasonable extensions for such delays. Pricing is based on current market conditions and excludes increases due to tariffs, duties, manufacturer-imposed surcharges, or other cost increases arising from trade policy, regulatory actions, or external factors beyond Convergint's control. If such cost increases arise, Convergint will submit a formal change order, and Customer agrees to approve reasonable adjustments. Convergint will use commercially reasonable efforts to minimize such increases.

**REVIEW IMPORTANT PRODUCT SAFETY AND SERVICE INFORMATION PRIOR TO USING A CONVERGINT-INSTALLED SYSTEM:** See the "IMPORTANT PRODUCT SAFETY AND SERVICE INFORMATION" documentation, available at [convergint.com/terms](http://convergint.com/terms).



#### IMPORTANT NOTICE

You requested that Convergent provide you with certain security and safety products and services.

By using these products and services, you acknowledge that:

- **Under no circumstances should Convergent-provided products and services be your sole method of security or safety.** Effective security and safety require a multi-layered approach involving people, processes, and technologies. Convergent-provided products and services do not guarantee security or safety, will not detect or prevent all threats or risks all the time (including threats they are designed to detect), and will not ensure overall safety and security. You are ultimately responsible for your people, premises, and property, including for maintaining an effective response plan and promptly implementing your response plan in response to alarms or threats.
- **All security products and services have limitations.** No product or service can guarantee safety or security. It is your responsibility to ensure you are informed about product or service limitations and that you regularly test and validate the products and safety plans. Reach out to your Convergent account executive to learn how our support services can help. And if you have a service plan, you are responsible for promptly notifying Convergent in the event of any defect, malfunction, or performance issue with the products and services.
- **Various factors can impact product performance.** Selecting products and settings may involve tradeoffs between the level of security and safety on the one hand and speed, convenience, and cost on the other hand. Convergent can give you guidance, but you are ultimately responsible for selecting products and settings based on your organization's risk profile and tolerance.
- **The products are made by third-party manufacturers, not Convergent.** You are bound by and must use, test, and maintain the products in accordance with the manufacturer's terms and instructions. Convergent does not independently validate the accuracy of claims or statements made by manufacturers, and makes no assurances regarding their accuracy. You are responsible for using the products and services in compliance with laws and regulations applicable to you or as permitted in your jurisdiction.
- **All products and services are governed exclusively by a final agreement.** No advertisement, literature, brochure, website, or statements made during the sale process or otherwise (whether orally or in writing) should be interpreted as a promise, warranty, or other assurance.
- **You have reviewed the "IMPORTANT PRODUCT SAFETY AND SERVICE INFORMATION" documentation, available at [convergent.com/terms](https://convergent.com/terms).**



## Performance Items

	<b>Items Included</b>
Applicable Taxes	Freight (prepaid)
Material (listed in the BOM)	Owner Training
Project Management	
	<b>Items Excluded</b>
120 VAC Power and Fused Disconnect Switch	120 VAC Power Receptacles
Additional Lighting Requirements for Cameras	Attend General Contractor Project Meetings
Attend Owner Project Meetings	Authority having Jurisdiction permit drawing (requires customer CAD)
Cable	Ceiling Tiles and Ceiling Grid Repairs
Connection to Building Fire Alarm Panel	Correction of Wiring Faults Caused by Others
Door wiring typical connections	Electrical Installation Permit
Electrified Door Locking Hardware	Engineering and Drawings
Equipment rack layout drawing	FA Permit and Plan Review Fees
Fire Stopping (Excludes Existing Penetrations)	Fire Watch
Floor Coverings for Lifts	Floor plan with device placement and numbering (requires customer CAD)
Horizontal Core Drilling	Installation of Bridle Rings
Installation of CCTV Cameras	Installation of Conduit, Boxes and Fittings
Installation of Control Equipment Enclosures	Installation of Control Panels
Installation of Intercom Systems	Installation of Intrusion Panels
Installation of Low Voltage Wire	Installation of Network Cabling to Card Readers
Installation of Network Cabling to IP Cameras	Installation of Network Cabling to IP Intercoms
Installation of Specialty Backboxes	Installation of Terminal Cabinets
Installation of Video Recorders (DVR/NVR)	Installation of Wire and Cable
Installation of Wire Hangars	Lifts
Loading Software on Customer Provided Computer	Low Voltage Permits
Mounting/Termination of Proposed Devices	On-Site Lockable Storage Facility
One-Year Warranty on Labor	One-Year Warranty on Parts
Operations & Maintenance Manuals	Owner to Provide DHCP Lease Reservations for Network Connected Devices
Owner to Provide Static IP Addresses	Panel Wall Elevation drawing (may require customer CAD)
Panel wiring with point to point connections	Patch and Paint
Payment & Performance Bonds	Record Documentation (As-Built)
Riser drawing with home run wiring	Servers by Convergent
Servers by Others	Specialty Backboxes
Submittal Drawings	System Engineering
System is Design-Build	System Meets Plans/Drawings
System Programming	Terminal Cabinets
Termination of Control Equipment Enclosures	Testing of all Proposed Devices
Vertical Core Drilling	Wire
Workstations by Convergent	Workstations by Others



**Total Project Investment:**

**\$ 138,276.64**

Thank you for considering Convergint for your Security needs. If you have any questions or would like additional information, please don't hesitate to contact me immediately. If you would like to proceed with the scope of work as outlined in this proposal, please sign below and return to my attention.

Sincerely,

*Jesse Ramos*

Convergint  
Jesse Ramos

By signing below or accepting the services described in this proposal, Customer accepts and agrees to this proposal, including the enclosed Terms and Conditions, along with any addendums or exhibits that may be attached or referenced therein. Any additional or contrary terms, including on a Customer PO, are expressly rejected. By signing, you represent and warrant that you have authority to accept this proposal on behalf of Customer.

_____	February 6, 2026
Customer Name (Printed)	Date
_____	_____
Authorized Signature	Title



Throughout this Proposal, including these Terms and Conditions and any attachments, (together, "Agreement") the term "Convergint" refers to the Convergint Technologies affiliate operating in the state/province in which the Work is being performed and "Convergint Related Parties" means Convergint and its contractors, subcontractors, third party product manufacturers or providers.

**SECTION 1. THE WORK**

This Agreement takes precedence over and supersedes all prior proposals, correspondence, and oral or written agreements or representations relating to the work set forth in the attached scope of work ("Work"). This Work commences on the start date and will be performed pursuant to the schedule specified in the attached scope of work and, subject to any change orders or addendums, represents the entire agreement between Convergint and Customer. This Agreement applies to the exclusion of any other terms that the Customer seeks to impose or incorporate (such as Customer's purchase order form) which are in addition to or inconsistent with the terms and conditions of this Agreement, or which are implied by trade, custom, practice or course of dealing, all of which are deemed expressly rejected and will not be binding.

This Agreement is made without regard to compliance with any special sourcing and/or manufacturing requirements, minority or disadvantaged supplier requirements, or similar government procurement laws. Should such requirements be applicable to this Agreement, Convergint reserves the right to modify and/or withdraw its Agreement.

Customer understands that Convergint is an authorized distributor or reseller and not the manufacturer or developer ("OEM") of software, hardware and equipment (collectively, "Third Party Products") purchased by Customer and certain services are delivered to Customer by such OEM.

Convergint agrees in accordance with the mutually agreed project schedule

- a. To submit shop drawings, product data, samples and similar submittals if required in performing the Work;
- b. To pay for all labor, materials, equipment, tools, supervision, programming, testing, startup and documentation required to perform the Work in accordance with the Agreement;
- c. Secure and pay for permits and governmental fees, licenses, and inspections necessary for proper execution and completion of the Work, unless local regulations provide otherwise; and
- d. Hire subcontractors and order material to perform part of the Work, if necessary, while remaining responsible for the completion of the Work

Customer agrees in accordance with the mutually agreed project schedule, and at no cost to Convergint:

- a. To promptly approve submittals provided by Convergint.
- b. To provide access to all areas of the site which are necessary to complete the Work;
- c. To supply suitable electrical service as required by Convergint;
- d. To remove site obstacles and job safety hazards;
- e. To promptly participate and approve acceptance testing, if applicable;
- f. Upon completion of commissioning or agreed to acceptance criteria, to promptly provide sign-off establishing job closeout; and
- g. That in the event of any emergency or systems failure, reasonable safety precautions will be taken by Customer to protect life and property during the period from when Convergint is first notified of the emergency or failure and until such time that Convergint notifies the Customer that the systems are operational or that the emergency has cleared.

THE WORK AND/OR THIRD PARTY PRODUCTS ARE DESIGNED TO HELP REDUCE, BUT NOT ELIMINATE RISKS OF LOSS RELATING TO PEOPLE, PREMISES OR PROPERTY. THE AMOUNTS BEING CHARGED BY CONVERGINT ARE NOT SUFFICIENT TO GUARANTEE THAT LOSS OR DAMAGE WILL DECREASE OR BE ELIMINATED. Customer acknowledges that proper safety and security requires a multi-layered approach of people, processes, safety and technologies. The Work, including Third Party Products, provided by Convergint is not sufficient to ensure overall safety and security. Customer acknowledges and agrees that it is responsible for its overall safety and security, including testing and maintenance of the Third Party Products (except to the extent contracted to Convergint by written agreement) and training of its personnel. Customer acknowledges and agrees that it has a duty of care and is solely responsible for its compliance with applicable laws, rules, and regulations, including but not limited to export and re-export restrictions and regulations, privacy and data protection regulations, applicable OEM instructions, terms and conditions, EULAs, and proper product usage.

Risk of loss, including any Third Party Product comprising the Work, shall pass to Customer as the Work is completed and the materials are incorporated into the Work at Customer's site subject to any end user license agreements. If or Third Party Products are earlier stored on Customer's site pursuant to agreement between Customer and Convergint, risk of loss with respect to such or Third Party Product shall pass to Customer upon delivery to Customer's site.

Applicable to Monitoring Services Only: If Monitoring Services are identified in the Proposal, the parties agree that (a) these Terms and Conditions are not applicable, and (b) Monitoring Services are governed by the Monitoring Services Terms and Conditions effective on the Effective Date of the Proposal and available at <https://www.convergint.com/terms>, which is incorporated by reference as if set forth herein in full. "Monitoring Services" is defined as "Services" in the Monitoring Services Terms and Conditions.

**SECTION 2. PRICING**

Pricing and amounts proposed shall remain valid for 30 days unless otherwise specified. Price includes only the Third Party Products listed based on Convergint's interpretation of plans and specifications unless noted otherwise. Additional Third Party Products, unless negotiated prior to order placement, will be billed accordingly. Sales taxes (or as applicable GST, PST, VAT or similar tax) and any other taxes assessed on Customer shall be added to the price upon invoice to Customer.

**SECTION 3. INVOICE REMITTANCE AND PAYMENT**

Customer agrees to pay Convergint fifty (50%) percent of the total price as a mobilization fee at the time of executing this Agreement.

If the Work is performed over more than one month, Convergint will invoice Customer each month for the Work performed during the previous month. Customer agrees to pay the amount due to Convergint as invoiced, within thirty (30) days of the date of such invoice. If the Work is

completed in less than one month, Customer agrees to pay Convergint in full after the Work has been completed within thirty (30) days of the date of invoice. Invoices shall not be subject to a project retention percentage and payment to Convergint shall not be conditioned on payment by an upstream party. If Customer is overdue in any payment, Convergint shall be entitled to suspend the Work without liability until paid, charge Customer an interest rate 1 and 1/2% percent per month (or the maximum rate permitted by law, whichever is less), and may avail itself of any other legal or equitable remedy. Customer shall reimburse Convergint costs incurred in collecting any amounts that become overdue, including attorney fees, court costs and any other reasonable expenditure.

**SECTION 4. WARRANTY**

Warranties for Convergint's services and Third Party Products are described in the Limited Warranty for Products and Services available at <https://www.convergint.com/terms>, which is in effect as of the effective date of this Agreement and is incorporated by reference as if set forth herein in full.

**SECTION 5. CHANGES**

Without invalidating this Agreement or any bond given hereunder, Customer or Convergint may request changes in the Work with a change order signed by both parties. If Customer orders (i) any changes to the Work (e.g. change in objective, deliverables, tasks or hours), (ii) changes to schedule (extension or acceleration), or (iii) causes any material interference with Convergint's performance of the Work, Convergint shall be entitled to an equitable adjustment in the time for performance and in the Price, including a reasonable allowance for overhead and profit.

**SECTION 6. FORCE MAJEURE**

Neither Customer nor Convergint shall be liable for any delay or failure in the performance of their respective obligations pursuant to this Agreement due to circumstances beyond their reasonable control ("Force Majeure") and without the fault or negligence of the party experiencing such delay. A Force Majeure event shall include, but not be limited to: acts of God, pandemic or epidemic, diseases, quarantines, unavoidable casualties, concealed conditions, acts of any civil or military authority, riot, insurrections, and civil disturbances, war, invasion, act of foreign enemies, hostilities (regardless of whether or not war is declared), rebellion, revolution, terrorist activities; strikes, lockouts or other labor disputes, embargoes; shortage or unavailability of labor, supplies, materials, equipment or systems; accident, fire, storm, water, flooding, negligence of others, vandalism, power failure, installation of incompatible equipment, improper operating procedures, source current fluctuations or lighting, transportation contingencies, laws, statutes, regulations, and other legal requirements, orders or judgments, acts or order of any government or agency or official thereof, other catastrophes or any other similar occurrences. If performance by either party is delayed due to Force Majeure, the time for performance shall be extended for a period of time reasonably necessary to overcome the effect of the delay and Convergint shall be entitled to an equitable adjustment of the Price.

**SECTION 7. INSURANCE**

In lieu of any Customer insurance requirements, for Services performed in the United States, Convergint shall maintain the following insurance coverages during the term of this Agreement and upon request, shall provide certificates of insurance to the Customer:

Worker's Compensation	Statutory Limits
Employer's Liability	\$1,000,000 per occurrence/aggregate
Commercial General Liability	\$1,000,000 per occurrence
	\$2,000,000 general aggregate
Automobile Liability	\$1,000,000 per occurrence/aggregate
Excess/Umbrella Liability	\$3,000,000 per occurrence/aggregate

Commercial General Liability policy shall name the Customer as "additional insured" on a primary/noncontributory basis with respect to liability arising out of the Services, as applicable, but only to the extent of liabilities falling within the indemnity obligations of Convergint pursuant to the terms of this Agreement. Convergint shall not provide loss runs or copies of its insurance policies. Convergint shall provide to the Customer no less than thirty (30) days' notice prior to the termination or cancellation of any such insurance policy. For services performed in Canada, Convergint shall maintain similar insurance coverage dependent upon the local requirements in Canada and upon the insurance available under Convergint's insurance program. All required insurance coverage shall be reasonable in the circumstances and compliant with local regulations.

**SECTION 8. INDEMNIFICATION**

To the fullest extent allowed by law, Convergint shall indemnify and hold Customer harmless from and against claims, damages, losses, and expenses (excluding loss of use) attributable to bodily injury, sickness, disease or death, or to destruction of tangible property, but only to the extent caused by the negligent acts or omissions of Convergint or Convergint's employees or subcontractors while on Customer's site.

If Convergint is providing products or services for intrusion detection, detection of specific threats to people or property (including gunshot, or drone detection), mass notification, ballistics or explosives protection, or processing of biometric, health, financial, or government identifier data (collectively, "Special Offerings"), then to the fullest extent allowed by law (i) Convergint's indemnification obligations under the Agreement do not apply whatsoever and Convergint Related Parties have no liability to Customer for any losses or damages caused by any Special Offerings; and (ii) Customer shall indemnify, defend, and hold harmless Convergint Related Parties, from and against all claims, demands, actions, liabilities, damages, and costs (including reasonable attorneys' fees) relating to Special Offerings provided by Convergint, except to the extent of Convergint's gross negligence installing such Special Offerings. Any waiver of damages or limitation of liability contained in the Agreement and as modified herein shall not apply to Customer's indemnification, hold harmless and defense obligations herein.

Applicable to Weapons Detection Only: If Convergint provides Weapons Detection Systems or Services, then such Systems and Services are further governed by the Weapons Detection Addendum effective on the Effective Date of this Proposal and available at <https://www.convergint.com/terms>, which is incorporated by reference as if set forth herein in full. "Weapons Detection Systems or Services" means any "Systems" and/or "Services" as each are defined in the Weapons Detection Addendum.

## SECTION 9. LIMITATION OF LIABILITY

EXCEPT AS PROVIDED HEREIN, TO THE FULLEST EXTENT ALLOWED BY LAW, (A) IN NO EVENT SHALL EITHER CONVERGINT RELATED PARTIES, OR CUSTOMER BE LIABLE UNDER OR IN CONNECTION WITH THIS PROPOSAL FOR SPECIAL, INDIRECT, INCIDENTAL, PUNITIVE, LIQUIDATED OR CONSEQUENTIAL DAMAGES INCLUDING COMMERCIAL LOSS, LOSS OF USE OR LOST PROFITS, EVEN IF THAT PARTY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES AND (B) THE AGGREGATE LIABILITY OF CONVERGINT RELATED PARTIES ARISING OUT OF OR RELATED TO THIS AGREEMENT SHALL NOT EXCEED THE AMOUNTS PAID BY CUSTOMER TO CONVERGINT UNDER THIS AGREEMENT. THE EXISTENCE OF MORE THAN ONE CLAIM WILL NOT ENLARGE THIS LIMIT. THE LIMITATION SET FORTH IN THIS SECTION SHALL APPLY WHETHER THE CLAIM IS BASED ON CONTRACT, WARRANTY, TORT (INCLUDING NEGLIGENCE) OR OTHER LEGAL THEORY.

## SECTION 10. COMPLIANCE WITH LAW, SAFETY, & SITE CONDITIONS

Convergent agrees to comply with all laws, rules and regulations applicable to its provision of the Work. Customer will comply with all applicable laws and agreements applicable to its use and operation of the Work. Convergent shall comply with all safety related laws and regulations and with the safety program of the Customer, provided such program is supplied to Convergent prior to beginning Work.

If during the course of its Work, Convergent encounters conditions at the site that are unsafe, differ materially from what is represented in the contract documents, or otherwise concealed physical conditions, Convergent shall be entitled to an extension of time and additional costs for the performance of its work.

If Convergent discovers or suspects the presence of hazardous materials or unsafe working conditions at Customer's site where the Work is to be performed, Convergent is notified to stop the Work at that site if such hazardous materials, or unsafe working conditions were not provided by or caused by Convergent. Convergent in its sole discretion shall determine when it is "safe" to return to perform the Work at Customer's site. Convergent shall have no responsibility for the discovery, presence, handling, removing or disposal of or exposure of persons to hazardous materials in any form at the Customer's site. To the fullest extent allowed by law, Customer shall indemnify and hold harmless Convergent from and against claims, damages, losses and expenses, including but not limited to, reasonable attorney's fees, arising out of or resulting from undisclosed hazardous materials or unsafe working conditions at Customer's site.

## SECTION 11. PERSONAL DATA & SECURITY

Convergent's obligations and liabilities regarding Processing of Personal Data and information security shall be limited solely to Processing performed by Convergent's personnel. Processing by OEMs or Third Party Products are governed by any applicable OEM end user licensing agreements or terms and conditions. Customer represents and warrants that it will comply with all applicable Data Protection Laws. Although certain products delivered by Convergent may be capable of processing Biometric Information, Personal Health Information, financial information, or government identifiers ("Sensitive Information"), Customer acknowledges that Convergent is not Processing Sensitive Information (or to the extent it is Processing Sensitive Information, it is doing so strictly in accordance with Customer's instructions) and Customer is solely responsible for compliance of all such Processing with Data Protection Laws. To the fullest extent allowed by law, Customer shall indemnify, defend and hold harmless Convergent from and against all claims, demands, actions, liabilities, damages, and costs (including reasonable attorney's fees) asserted by a third party arising out of or relating to failure to comply with applicable Data Protection Laws including but not limited to those related to Sensitive Information. Convergent's obligations and liabilities regarding information security and Processing of customer information or data, including Personal Data, are limited to Processing performed by Convergent (if any). OEM and Third Party Product Information security and Processing is governed by applicable OEM end user licensing agreements or terms, "Personal Data", "Process(ing)", "Biometric Information", and "Personal Health Information" shall be interpreted in accordance with, and shall include analogous terminology as used in, applicable laws and regulations relating to data privacy, information security, data protection, data breaches, cross-border data flows, and/or the rights and obligations of persons or entities regarding personal information ("Data Protection Laws").

To the extent Convergent accesses Customer's information systems, Convergent will not be responsible or liable for losses or harms caused by following Customer's instructions caused by Third Party Products, caused by third party or Customer-specified remote access software, or that are otherwise not due to the fault of Convergent. Customer-authorized changes to Customer information systems are at Customer's own risk and Customer acknowledges it is responsible for the overall security of its information systems.

## SECTION 12. INTELLECTUAL PROPERTY

Convergent shall retain title and ownership of all intellectual property rights relating to the drawings, technical documentation, or other technical information ("Documentation") delivered under this Agreement. The OEMs shall retain title and ownership of all intellectual property rights relating to the Third Party Products and will grant any license and right to use in connection with the Third Party Product through the OEM's end user license agreement or other terms and conditions. Customer shall not use any Documentation supplied by Convergent for any purposes other than those directly related to this Agreement or for the use and/or maintenance of the Third Party Product.

## SECTION 13. PRICE ADJUSTMENT

Convergent may automatically adjust the price, with five (5) days prior written notice, if based on: (a) changes by its vendors to the cost of materials or Third Party Products to be delivered and/or labor costs related to personnel responsible for performing the Work; (b) macroeconomic conditions such as taxes, tariffs or duties, natural disasters, labor shortages/strikes, etc.; (c) market conditions such as price volatility or availability limitations; or (d) other events not within Convergent's control that impact the cost of performing the Work. The adjustment shall be consistent with applicable market indexes, where available, third-party sources or other evidence. Convergent reserves the right to add periodic surcharges including without limitation, adjustments for the then current price of

fuel, such surcharges to be specified and invoiced by Convergent.

## SECTION 14. TERMINATION

If a party materially breaches this Agreement, the other party shall provide written notice of the breach and a reasonable time to cure the breach, but in no event less than 30 days, if the breaching party fails to cure the breach within the specified time period, the non-breaching party may terminate this Agreement upon 15 days written notice to the other party. If Convergent notifies Customer of a material breach pursuant to this paragraph, Convergent may temporarily suspend its work without liability until Customer cures the breach.

## SECTION 15. GOVERNING LAW AND DISPUTES

The parties agree that this Agreement shall be governed by the laws of the state/province where the Work is located, and venue for disputes shall be located in that state/province.

In the event of any dispute between Convergent and Customer, Convergent and Customer shall first attempt to resolve the dispute in the field, but if that is not successful, then in a meeting between authorized officers of each company. If settlement attempts are not successful, unless the dispute requires injunctive relief, then the dispute shall be decided exclusively by arbitration. Such arbitration shall be conducted in accordance with the Construction Industry Arbitration Rules of the American Arbitration Association (if the Services are performed in the United States) or Arbitration Rules of the ADR Institute of Canada, Inc. (if the Services are performed in Canada) currently in effect by a single arbitrator and shall be a final binding resolution of the issues presented between the parties. The prevailing party shall be entitled to recover its reasonable attorney's fees and costs. Any award by the arbitrator may be entered as a judgment in any court having jurisdiction.

## SECTION 16. MISCELLANEOUS

The parties have required that this Agreement be written in English and have also agreed that all notices or other documents required by or contemplated in this Agreement be written in English. Les parties ont requis que cette convention soit rédigée en anglais et ont également convenu que tout avis ou autre document exigé aux termes des présentes ou découlant de l'une quelconque de ses dispositions sera préparé en anglais.

Any changes to this Agreement shall be in writing agreed by both Customer and Convergent.

In the event any provision of this Agreement is held to be invalid or unenforceable, the remaining provisions of this Agreement shall remain in full force and effect.

Customer waives all claims against Convergent arising from or related to suspension of work pursuant to this Agreement.

Customer and Convergent are independent contractors, and nothing in this Agreement creates any agency, joint venture, partnership, or other form of joint enterprise, employment, or fiduciary relationship between them. Nothing contained in this Agreement shall be deemed to create a relationship of employee or employer between the parties, and neither party shall be entitled to any benefits that the other party provides for its own employees, including workers compensation and unemployment insurance. Each party shall have exclusive control over its own employees, agents, and subcontractors, its labor and employee relations, and its policies relating to wages, hours, working conditions, or other conditions.

Neither party to this Agreement shall assign this Agreement without the prior written consent of the other party hereto. Notwithstanding the foregoing, Convergent may assign this Agreement without notice or consent (i) to any of its parents, subsidiaries or affiliated companies or any entity majority owned by Convergent; or (ii) in connection with a merger, acquisition, reorganization, sale of all of the equity interests of Convergent, or a sale of all or substantially all of the assets of Convergent to which this Agreement relates.

Notices shall be in writing and addressed to the other party, in accordance with the names and addresses of the parties as shown above. All notices shall be effective upon receipt by the party to whom the notice was sent.

In no event will Convergent be obligated to comply with any project labor agreements or other collective bargaining agreements.

A waiver of the terms hereunder by one party to the other party shall not be effective unless in writing and signed by a person with authority to commit the Customer and Convergent. No waiver by Customer or Convergent shall operate as a continuous waiver, unless the written waiver specifically states that it is a continuous waiver of the terms stated in that waiver.

The Sections regarding invoicing, warranty, indemnity, limitation of liability, confidentiality and disputes shall survive the termination of this Agreement.

Convergent provides additional product safety and service information at <https://www.convergent.com/terms/> (see "IMPORTANT PRODUCT SAFETY AND SERVICE INFORMATION"), which it encourages Customer to review prior to use.

## **Customer Support Program Opt-Out**

PLEASE REVIEW THIS DOCUMENT CAREFULLY. It relates to the safe and proper operation of the products, including hardware and software, being installed for your organization Hazel Hawkins Hospital.

Customer has been advised of Convergent's Customer Support Program, which includes services such as product testing, preventative maintenance (including system verification and validation), and software updates. While no security system can be completely effective all of the time, the Customer Support Program services may prevent system malfunctions, downtime, and performance issues.

**CUSTOMER HAS DECLINED THE CUSTOMER SUPPORT PROGRAM SERVICES. CUSTOMER ACKNOWLEDGES IT IS SOLELY RESPONSIBLE FOR PERFORMING THESE SERVICES AND FOR THE ONGOING MAINTENANCE, TESTING, AND UPDATING OF THE PRODUCTS BEING PROVIDED.**

Mr. Mark Robinson, CFO  
Hazel Hawkins Memorial Hospital  
911 Sunset Dr.  
Hollister, CA 95023

January 28, 2026 Rev 1

Re: HMMH Clinical Lab Full Remodel – Design Services Fee Proposal  
HC0978.2404.00 ASR06

Dear Mark:

Treanor is pleased to submit this proposal to provide Architectural and Engineering services to complete the full remodel of the Clinical Lab at Hazel Hawkins Memorial Hospital.

## 1. Project Parameters

The Treanor team has been engaged in the installation of chemistry analyzers for validation, known as Phase 1, the permanent installation of the chemistry analyzers, referred to as Phase 2, and the conceptual design for the subsequent phases to fully remodel the clinical lab, previously identified as Phases 3 and 4.

The general intent of this project is to provide full design services in a phased construction manner to complete the clinical lab remodel. The scope of work included in this proposal is outlined in the feasibility report dated 3/7/2025. Any subsequent phases will be identified and defined within Phases 3 and 4, for example Phases 3A, 3B, 3C, 4A, or 4B as required.

Please note that the existing blood draw and lab reception need to be relocated prior to the work started in the lab as referenced in the feasibility report for Phase 3A. The design of the temporary location is NOT included in this proposal and will be performed under additional services since the location has not been determined at this time.

This proposal includes coordination efforts for the SPC retrofit work. The goal is to complete the remodel and seismic retrofit simultaneously when construction occurs in the same area.

This proposal includes equipment planning assistance, covering the inventory of existing equipment, preparation of an equipment plan and schedule, gathering information on hospital-selected equipment, and coordination with the equipment vendor. At the time of this proposal, decisions on which existing equipment will remain, be replaced, or be removed have not yet been made.

1 round of cost estimate at 100% DD is included in this proposal.

The preliminary timeline is outlined in the work plan and fee schedule. Construction is expected to take approximately 3 years due to its multi-phase approach, which includes time for setup, cleanup, and closeout between each phase while keeping the existing lab remains operational. Our fee includes the extended construction administration period required to support this prolonged schedule.

## 2. Work Plan

### A. Project Management

- Update Project Charter and Project Management Manual which includes project goals, assumptions, constraints, criteria, design parameters and other high-level information defining the project success, when moving forward.
- Submit weekly project progress report.
- Conduct weekly project planning and coordination meetings with design team.
- Conduct regular project monitor and control tasks.
- Conduct regular Quality Control measures.

### B. Schematic Design (6 weeks):

- Implement the conceptual design and advance the drawing to Schematic Design.
- Request preliminary information and coordinate with equipment vendors.
- Collaborate with users on equipment selection and specifications. (Equipment planning)
- Prepare SD design and documents for Stakeholder review, comment, and approval: 100% SD. **(1 submittal)**
- Conduct SD user review meetings and collaborate design with Stakeholders. **(4 virtual meetings)**
- Revise selected SD design based on Stakeholder feedback for Stakeholder approval to proceed.
- Request and attend pre-application meeting with AHJ to review proposed work and seeking official interpretation on code related issues.

C. Design Development (10 weeks):

- Conduct User review meetings and collaborate design with Users on design. **(6 meetings)**
- Collaborate with users on finalizing equipment selection and specifications.
- Request final drawing and coordinate with equipment vendors. (Equipment planning)
- Collaborate with vendor and specify lab furniture.
- Prepare DD drawings based on approved Schematic Design.
- Prepare and submit design documents for Stakeholder review: 100% DD. **(1 submittals)**
- Coordinate with Cost Estimator for construction cost estimate at 100% DD. **(1 round)**
- Revise selected DD design based on Stakeholder feedback for Stakeholder approval to proceed.

D. Construction Documents (8 weeks):

- Conduct User review meetings and collaborate design with Users on design. **(4 meetings)**
- Prepare construction drawings based on approved design development documents.
- Incorporate equipment selection and specifications to construction documents.
- Prepare project manual and technical specifications.
- Prepare functional program.
- Prepare and submit CD for Stakeholder review: 100% CD. **(1 submittal)**
- Prepare plan review submittal drawings and documents.

E. Agency Review (12 weeks):

- Prepare submittal packages seeking agency approval.
- Respond to plan review comments. **(2 backchecks)**
- Prepare required post-approval paperwork (Building Permit, TIO field review, Notice of Start of Construction).

F. Bidding and Negotiation (8 weeks):

- Prepare bid documents and coordinate with Owner on bidding requirements.
- Attend bid walk-through. **(1 meeting)**
- Answer bidder questions (RFI) and prepare addendums as required. **(1 addendum)**
- Assist the Owner evaluate bids and contractor selection. **(1 round)**

G. Contract Administration (144 weeks):

The approximate construction start date is to be determined and the construction time is anticipated to be approximately 36 months. Total number of CA hours, meetings, site visits, Facility Impact Study (FIS's) and milestone sign-off coordination are included and listed below as allowances during the construction. When the total number of CA hours, meetings, site visits, FIS's or milestone sign-off coordination are reached, Treanor will notify the Owner. Additional services may be submitted for review and approval if the listed services below extend beyond general project expectation. CA services are listed under each phase below.

- Provide CA services: review submittals, respond contractor RFI, and other services as denoted in AIA Document B201, 2017 edition, unless excluded herein.

- Coordinate and conduct HCAI on site construction kick-off meeting. **(1 meeting)**
- Attend Owner-Architect-Contractor on site construction kick-off meeting. **(1 meeting)**
- Visit construction as required during the construction period. **(12 visits)**
- Attend Owner-Architect-Contractor virtual meetings once per week during the construction period. **(144 virtual meetings)**
- Prepare NMA and ACD for HCAI review as required. Changes due to unforeseen conditions or initiated by the Owner shall be considered additional services.
- Conduct milestone walk-through and review; prepare compliance verify reports as required for HCAI sign-off at milestones. **(10 milestones)**
- Prepare amendments to construction documents for local AHJ review is not included in this proposal.
- Review contractor MOP for mechanical tie-in and interruption; prepare Facility Impact Study for HCAI ACO review; engage HCAI ACO and facilitate review meetings seeking approval of proposed work sequence and contingent measures. **(5 FISs.)**
- Conduct punch-list walk-through and prepare punch-list. **(10 punch-list walk-through)**

H. Project Close-out Phase

- Prepare project close-out documents as required by AHJ.
- Coordinate efforts with stakeholders and the contractor for HCAI sign-off of project.
- Conduct a project close-out walk-through with HCAI ACO.

3. Compensation

A. Fee Schedule:

This project will be billed for a lump-sum fee of **\$831,315 (Eight Hundred Thirty-One Thousand Three Hundred and Fifteen Dollars, excluding reimbursable expenses mentioned below)** broken down as follows.

**Architectural Fees:**

A. Schematic Design (6 Weeks)	\$ 39,050
B. Design Development (10 Weeks)	\$ 51,650
C. Construction Document (8 Weeks)	\$ 46,110
D. Bidding / Negotiation (8 Weeks)	\$ 9,715
E. Permitting (12 Weeks)	\$ 14,960
F. Contract Administration (144 Weeks)	\$ 310,790
G. Project Close-out (8 Weeks)	\$ 1,640
<b>Subtotal Treanor</b>	<b>\$ 473,915</b>

**Consultants Fees:**

Structural	Buehler	\$ 139,800
Mechanical / Plumbing	ColeBreit Engineering	\$ 150,000
Electrical	Aurum Consulting Engineers	\$ 54,950
Cost Estimating	Cumming Group	\$ 12,650
<b>Subtotal Consultant</b>		<b>\$ 357,400</b>

**Total Fees** **\$ 831,315**

B. Exclusions

The following scope and services are currently excluded from this proposal, but could subsequently be added as Add Services:

- Signage/Way Finding
- Building accessibility upgrade work beyond the scope of work
- Structural, mechanical, electrical, plumbing and related infrastructure upgrades

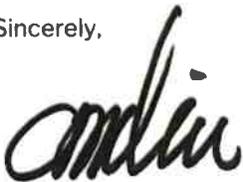
- Furniture selection and specifications
- Value engineering
- 3rd Party Plan Review
- 3-D rendering for public or Stakeholder presentation purposes
- Detailed analysis of existing Structural, Mechanical, Electrical Plumbing systems not associated with the project as defined
- Detailed analysis of Civil engineering and site planning issues
- Documentation of existing building systems or characteristics requiring destructive removal have not been included in this proposal
- Detailed analysis or testing of potential hazardous materials
- Development of as-built or record drawings after construction

**C. Reimbursable not to exceed \$20,000.**

These expenses are not included in the total fee above. The reimbursable expenses for Treanor and our consultants will cover the costs associated with shipping, printing/plotting (including construction related printing) and other miscellaneous costs incurred by Treanor. Expenses will be invoiced at a multiple of 1.1 times the actual cost of expenses incurred and will not exceed the total estimated amount without prior authorization.

We greatly appreciate the opportunity to provide these services to Hazel Hawkins Memorial Hospital. If you have any questions, comments, or concerns about this fee estimate, please do not hesitate to contact me. If this proposal is deemed acceptable, please sign and return one copy to our office.

Sincerely,



Chuang-Ming Liu, AIA, ACHA, EDAC, LEED AP  
**PRINCIPAL**  
Treanor

Accepted By:  
Hazel Hawkins Memorial Hospital

Mark Robinson  
CFO

Date

351 California Street, Suite 800  
San Francisco, CA 94104

[cliu@treanor.design](mailto:cliu@treanor.design)  
c 415.465.2776

Enclosures

1. Consultants' Proposals
2. Feasibility Study Report, dated March 2025